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Report of the Commissioner-General of the United Nations Relief and Works Agency for Palestine Refugees in the Near East

Addendum

Financial situation of UNRWA in 1998 and 1999 and budget estimates for 2000-2001

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Abbreviations

ACABQ	Advisory Committee on Administrative and Budgetary Questions
CBO	Community-Based Organization
DPC	Disease Prevention and Control
EC	European Community
EDC	Education Development Centre
EGH	European Gaza Hospital
EPA	Expanded Programme of Assistance
ESF	Educational Sciences Faculty
GF	General Fund
IGP	Income-Generation Programme
MCH	Maternal and Child Health
MEC	Micro-Enterprise Credit
NGO	Non-Governmental Organization
PA	Palestinian Authority
PAP	Poverty Alleviation Programme
PIP	Peace Implementation Programme
PSC	Programme Support Costs
RCVI	Rehabilitation Centre for the Visually Impaired (Gaza)
SEHP	Special Environmental Health Programme (Gaza)
SGLP	Solidarity-Group Lending Programme
SHC	Special Hardship Case
SMET	Small and Micro-Enterprise Training
SSE	Small-Scale Enterprise
STC	Siblin Training Centre
UNESCO	United Nations Educational, Scientific and Cultural Organization
UNRWA	United Nations Relief and Works Agency for Palestine Refugees in the Near East
VTC	Vocational Training Centre
VTE	Vocational and Technical Education
WHO	World Health Organization
WPC	Women's Programme Centre

EXECUTIVE SUMMARY

1. The present addendum to the Report of the Commissioner-General of the United Nations Relief and Works Agency for Palestine Refugees in the Near East (UNRWA) contains UNRWA's proposed budget for the 2000-2001 biennium. After adoption by the General Assembly at its 54th session, the budget will be issued as the operational budget of the Agency for the allocation of funds in 2000-2001.

2. Consistent with past practice, the administrative and support costs portion of the proposed budget are reviewed by the Advisory Committee on Administrative and Budgetary Questions (ACABQ). ACABQ's views on that portion are conveyed to UNRWA's Advisory Commission, which reviews the proposed budget in its entirety prior to its submission to the General Assembly.

3. UNRWA is the main provider of education, health and relief and social services to 3.6 million registered Palestine refugees in Jordan, Lebanon, the Syrian Arab Republic, the West Bank and the Gaza Strip, which together comprise the Agency's area of operations. Direct assistance to Palestine refugees is also provided by host Governments and the Palestinian Authority (PA).

4. Unlike other United Nations bodies, UNRWA provides services directly to beneficiaries through its own network of facilities. The Agency employs 22,000 staff in the implementation of its programmes, over 99 per cent of whom are locally-recruited Palestinians. UNRWA services are made available to all those meeting the Agency's operational definition of a refugee.

5. The 2000-2001 budget has a total volume of $735.7 million, an increase of 6 per cent over the 1998-1999 budget of $695.7 million. The increase results from natural growth in the refugee population, the rising cost of certain expenditure items including staff costs, and redefinition of the range of items covered in the budget. Some 95 per cent of budget volume is funded by voluntary contributions, with the remainder funded by UN and other sources.

6. The 2000-2001 budget safeguards the quality and level of services that UNRWA has been providing to Palestine refugees since 1950. It not only reflects the minimum of resources that the Agency needs to operate on a sustainable basis, but also allows for cost-effective improvements to the quality of services and the efficiency of operations, and the broadening of services in certain areas previously affected by austerity measures.

7. Chapter 1 of this document reviews the Agency's financial situation in 1998 and 1999. Chapter 2 describes the revised budget format and structure and provides other general information about the budget. Chapter 3 gives an overview of the 2000-2001 budget on an Agency-wide basis. Chapters 4-9 deal with the biennial budget for each programme area, including a description of activities and detailed budgetary comments. Chapter 10 deals with project-funded activities. Annexes contain summaries of the Agency's biennial goals, objectives and targets, as well as additional information on staffing, projects and cost attribution.

8. By applying a comprehensive, programme-based and forward-looking approach to its budget, UNRWA hopes to achieve full funding of its 2000-2001 budget and move beyond the financial crisis of recent years. This will enable UNRWA's vital humanitarian assistance to Palestine refugees to be placed on a solid financial footing and the preservation of the Agency's role as an element of stability in the region.

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TABLE 1. SUMMARY OF 2000-2001 TOTAL BUDGET VOLUME

(In Thousands of United States Dollars)

	2000 Fiscal Year					2001 Fiscal Year					2000-2001 Biennium				
	Regular Budget			Project Budget	Total	Regular Budget			Project Budget	Total	Regular Budget			Project Budget	Total
	Cash	*In-Kind*	*Total*			*Cash*	*In-Kind*	*Total*			*Cash*	*In-Kind*	*Total*		
Education	161,049	672	161,721	30,942	192,663	165,962	688	166,650	31,409	198,059	327,011	1,360	328,371	62,351	390,722
Health	47,488	5,859	53,347	13,739	67,086	48,328	6,028	54,356	15,524	69,880	95,816	11,887	107,703	29,263	136,966
Relief & Social Services	17,241	13,836	31,077	10,398	41,475	17,521	13,844	31,365	14,026	45,391	34,762	27,680	62,442	24,424	86,866
Income-Generation	0	0	0	3,548	3,548	0	0	0	3,985	3,985	0	0	0	7,533	7,533
Operational Services	15,220	35	15,255	0	15,255	15,168	37	15,205	0	15,205	30,388	72	30,460	0	30,460
Common Services (excl. Reserves)	27,410	81	27,491	653	28,144	26,735	81	26,816	150	26,966	54,145	162	54,307	803	55,110
General Reserves [1]	12,000	0	12,000	0	12,000	16,000	0	16,000	0	16,000	28,000	0	28,000	0	28,000
Total	**280,408**	**20,483**	**300,891**	**59,280**	**360,171**	**289,714**	**20,678**	**310,392**	**65,094**	**375,486**	**570,122**	**41,161**	**611,283**	**124,374**	**735,657**

[1] See paras. 237-238.

1. FINANCIAL SITUATION IN 1998 AND 1999

9. UNRWA continued to face a critical financial situation during 1998 and the first half of 1999, characterized by large funding shortfalls in the regular budget, continued enforcement of austerity measures, and depleted working capital and cash reserves. As in previous years, the main problem facing the Agency was not overexpenditure in relation to the budget but shortfalls in income.

10. The total volume of UNRWA's 1998 budget was $342.9 million, of which $314.0 represented the cash portion and $28.9 million the in-kind portion. As expected cash income at the beginning of 1998 fell short of budgeted cash expenditure, the Agency was obliged to carry forward all previously implemented austerity measures with a resulting negative effect on programme activities.

11. The $52.0 million in austerity measures had the effect of reducing expected cash expenditure for 1998 from the budgeted level of $314.0 million to $262.0 million. Cash expenditure for 1998 was further reduced by other factors such as managed higher vacancy rates and delayed recruitment in the context of a general recruitment freeze; realization of benefits from restructuring measures, mainly use of contract teachers and reduced International staffing; and non-utilization in certain budget lines owing to stricter financial controls.

12. The Agency ended 1998 with a $1.9 million core deficit in the cash portion of the regular budget, representing the difference between actual cash expenditure of $254.0 million and actual cash income of $252.1 million. The overall budget deficit for 1998, representing the difference between actual cash income and budgeted cash expenditure, was $61.9 million.

13. The regular budget cash deficit was covered out of working capital, which was reduced to negative $4.8 million at the end of 1998. Working capital is expected to be further reduced to negative $10 million at the end of 1999, when, provided that the financial situation permits it, the Agency intends to write off the $5.2 million deficit in the account established for the relocation of Agency Headquarters from Vienna to the area of operations.

14. The main project accounts active during 1998 were the Peace Implementation Programme (PIP), an ongoing initiative since 1993 to improve infrastructure and enhance living conditions in Palestine refugee communities Agency-wide, and the Lebanon Appeal, established in 1997 to help alleviate the deplorable socio-economic conditions facing refugees in Lebanon.

15. The Agency received a total of $25.0 million in project income in 1998, and recorded project expenditure of $44.4 million. The net excess of expenditure over income reflected disbursement of project income received prior to 1998.

16. The total volume of UNRWA's 1999 budget was $352.8 million, of which $322.1 represented the cash portion and $30.7 million the in-kind portion. All previously implemented austerity measures were again carried forward owing to the projected income shortfall for the year, reducing expected 1999 cash expenditure to $255.0 million.

17. At mid-1999, expected cash income to the regular budget was $252.0 million. The Agency was seeking additional contributions to overcome the estimated core deficit of $3.0 million for 1999. Even if the core deficit were covered, the Agency would record an overall budget deficit of $67.1 million for 1999.

18. The Agency also faced at mid-1999 an expected cash shortage of $20 million at the end of the year, which if not covered could disrupt services to refugees and lead to default on obligations. The weak cash position underlined the need to restore the Agency's depleted working capital, eliminate cumulative deficits in certain extrabudgetary accounts ($11.6 million in the European Gaza Hospital (EGH) account and $5.2 million in the Headquarters relocation account) and secure payment of some $20 million in reimbursement of VAT and port charges owed by the PA.

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2. INTRODUCTION TO 2000-2001 BUDGET

A. Strategic Goals

19. UNRWA aims to achieve certain strategic goals with the 2000-2001 budget which relate to the budget's function as a tool for resource allocation, fundraising, and financial management.

20. First, the budget aims to safeguard the quality and level of services provided to Palestine refugees. The last few years have witnessed growing concern among the refugee community and in the region generally over the qualitative and quantitative decline in UNRWA services. The Agency believes that the present level of service provision should be maintained, with future efforts focused on improvements in quality and efficiency.

21. Second, the budget aims to reflect what UNRWA needs to operate on a sustainable and cost-effective basis, without recourse to *ad hoc* austerity measures or emergency appeals. The successive austerity measures imposed since 1993 have in some instances affected activities which are an essential part of the costs of UNRWA operations, such as maintenance. The budget exercise provides an opportunity to readjust allocations and rectify such discrepancies.

22. Third, the budget aims to overcome the funding shortfalls of recent years. While shortfalls have been a feature of UNRWA's financial situation since 1950, since 1993 the gap between budgeted and actual expenditure has reached as much as $50-70 million per year. This gap has undermined the usefulness of the budget as an indicator of future expenditure and the Agency's financial requirements. The 2000-2001 budget has been formulated based on a more comprehensive view of funding, actual utilization in previous years, and realistic assessment of future needs. The Agency therefore expects that it will be fully funded.

B. Budget Format

23. The 2000-2001 budget represents another step forward in the Agency's efforts to improve budgetary transparency and the usefulness of the budget as a planning, managerial and fundraising tool. The budget exercise has been oriented towards preparing a programme-based budget more structured around the Agency's service-providing activities and programme plans for the biennium. To this end, a number of changes have been made to the budget format:

- The budget covers the totality of the Agency's financial requirements for regular programme activities, including not only the regular budget but also project activities.
- Budget categories have been restructured and expenditure reattributed to reflect more accurately the cost of programme activities.
- More detailed programmatic explanation and justification have been provided for budgeted activities and for changes in budget allocations.
- The budget is derived from a biennial programme of work specifying goals/objectives/targets for each substantive programme, summarized in Annex A of this document.
- Annual as well as biennial figures are provided for the 1998-1999 and 2000-2001 biennia, to facilitate inter-year comparisons.
- Budget preparation has been guided by planning assumptions rather than budget ceilings.
- The budget document indicates how the Agency expects to fund the budget from the different income sources on which it relies.

24. Because of the increased emphasis on integrating the programmatic aspect of the budget with the budget narrative, this budget submission devotes greater attention to description of programme activities and their relationship to financial requirements.

C. Budget Structure

25. The structure of UNRWA's budget reflects both the recurrent/non-recurrent nature of activities and the means by which they are funded. The budget can be broadly divided into two parts:

- The regular budget comprises recurrent staff and non-staff costs. It is further divided into cash and in-kind portions. The cash budget is funded through unearmarked cash contributions recorded as income to the General Fund (GF). The in-kind budget represents the value of in-kind donations that the Agency expects to receive based on agreements with donors or past practice (e.g. food aid).

- The project budget comprises mainly non-recurrent costs funded by earmarked project contributions. Activities are only implemented if they are specifically funded by donors. Most of the Agency's capital costs are included here, as are certain other one-time activities and complementary expenditure to top up regular budget allocations (e.g. for hospitalization). The majority of new project contributions are recorded under PIP.

26. The regular budget and the project budget together comprise total budget volume for 2000-2001. Throughout the programme narrative and budgetary comments, effort has been made to specify which aspects of programme activities are funded through the cash and in-kind portions of the regular budget and which through project contributions. The project component is also presented in Chapter 10.

27. Besides the project activities contained in this document, the Agency maintains project accounts for the Lebanon Appeal, the Expanded Programme of Assistance (EPA), the EGH project, and the Headquarters relocation. These accounts are not included in the 2000-2001 budget because they are either dormant, closed to new contributions, or due to be phased out.

D. Use of Annual/Biennial Figures

28. Although UNRWA prepares its budget on a biennial basis, operations are financed on an annual basis. Because the fiscal year rather than the biennium is the most relevant for financial management and fundraising, annual as well as biennial figures are listed throughout the document.

29. In keeping with this approach, explanations of increases and decreases in budget allocations focus on comparisons between 1999 and 2000, where the differences between the previous and current biennia can be most clearly ascertained. Broadly speaking, the budget for the second year of the biennium is an extrapolation of that for the first year, as in previous biennial budget submissions by UNRWA.

30. Actual figures for 1998 represent the results of the Agency's mid-biennium closure of accounts for 1998, not yet audited. Estimated figures for 1999 represent expected expenditure for the year, after taking into account all austerity and cost reduction measures. Thus, the 1998 and 1999 figures differ from those contained in the 1998-1999 budget.

31. In some instances, restructuring of budget categories and reattribution of expenditure have affected the comparability of figures over time. These changes and their effect on budget allocations are described in the budgetary comments in each chapter.

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3. OVERVIEW OF 2000-2001 BUDGET

A. Distribution by Programme/Field

32. Figure 1 shows the 2000-2001 regular budget by programme activity. Direct allocations to the Education Programme account for 53.7 per cent of the regular budget, followed by the Health Programme (17.6 per cent) and the Relief and Social Services (RSS) Programme (10.2 per cent). The remaining portion represents support costs and items budgeted centrally, including reserves and other costs to be allocated to programmes during budget implementation. The share of support costs is addressed in Chapter 9.

33. Figure 2 shows the 2000-2001 regular budget by Field of operation. Direct allocations for Field operations account for 89.2 per cent of the regular budget; taking into account the allocation of general reserves to Fields in the course of budget implementation, the percentage rises to 93.8 per cent. Headquarters costs represent 6.2 per cent of expenditure. The distribution of expenditure across Fields does not reflect any substantive difference in services, but rather variations in exchange rates and costs within the area of operations as well as differing levels of service provision by host authorities.

B. Distribution by Expenditure Type

34. Figure 3 shows the 2000-2001 regular budget broken down into the following categories of expenditure:

- International Staff: Covers all costs associated with International staff.
- Area Staff: Covers all costs associated with Area staff, including hiring of persons on temporary assistance or contract basis.
- Services: Covers services bought by the Agency in the course of its operations, including hospital services, port services, customs clearance, hired transport, mail/phone services, travel, etc.
- Operational Reserves: Covers provisions to meet unforeseen expenditure at the Field level, which are considered part of direct programme costs.
- Supplies: Covers supplies purchased by the Agency and received in kind, including food ration commodities, medical supplies, textbooks, fuel, spare parts, office supplies, etc.
- Equipment and Construction: Covers all equipment including computer hardware and software, furniture, transport and training equipment, etc., as well as minor construction works.
- Premises: Covers rent, maintenance, electricity and water for premises.
- Grants and Subsidies: Covers direct payments to beneficiaries as part of programme activities, including hospitalization subsidies, support to community centres, food support cash grants, etc.
- General Reserves: Covers Agency-wide reserves not yet attributable to Fields or Programmes, including a provision to build up the Agency's working capital to an adequate level and a contingency reserve to cover unforeseen expenditure including possible salary increases (see paras. 237-238).

35. Staff costs account for 72.0 per cent of the regular budget, of which 67.7 per cent represents the cost of local (Area) staff and 4.3 per cent represents the cost of International staff. Supplies account for 11.8 per cent, half of which are donated to the Agency in kind. All other categories account for less than 5 per cent each.

C. Staff Costs

36. Staff costs represent the major share of UNRWA's expenditure. Ninety-nine per cent of Agency staff are locally hired at salaries comparable to those paid by host authorities, which are generally lower than salaries paid to locally-recruited staff by other United Nations organizations operating in the Middle East.

FIGURE 1. 2000-2001 REGULAR BUDGET BY PROGRAMME

(Cash and In-Kind, in Thousands of United States Dollars)

Education Programme	328,371
Health Programme	107,703
Relief & Social Services Programme	62,442
Operational Services	30,460
Common Services (excl. Reserves)	54,307
General Reserves	28,000
Total:	**611,283**

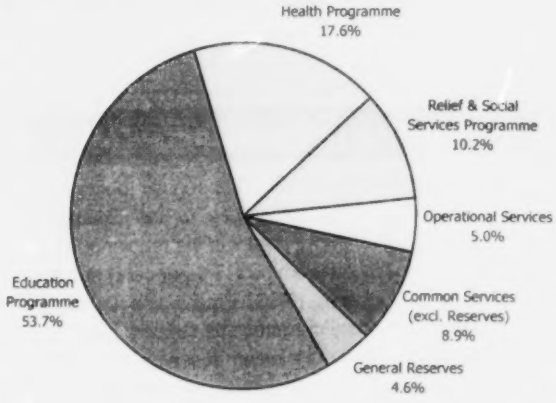


FIGURE 2. 2000-2001 REGULAR BUDGET BY FIELD

(Cash and In-Kind, in Thousands of United States Dollars)

Jordan	142,352
Lebanon	87,824
Syrian Arab Republic	43,660
West Bank	97,857
Gaza Strip	173,872
Headquarters (excl. Reserves)	37,718
General Reserves	28,000
Total:	**611,283**

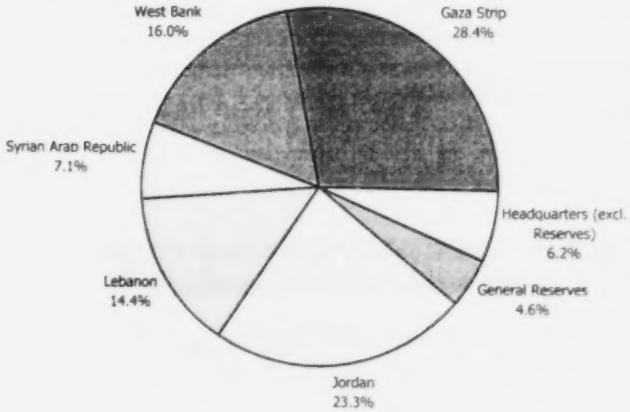


FIGURE 3. 2000-2001 REGULAR BUDGET BY CATEGORY

(Cash and In-Kind, in Thousands of United States Dollars)

International Staff	26,536
Area Staff	414,252
Services	26,768
Operational Reserves	1,744
Supplies	72,162
Equipment & Construction	5,312
Premises	13,438
Grants & Subsidies	23,071
General Reserves	28,000
Total:	**611,283**

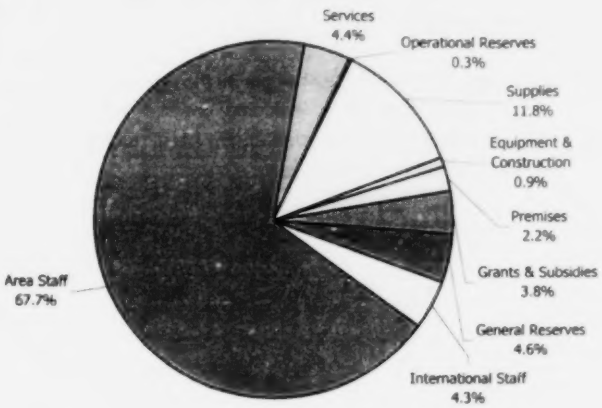
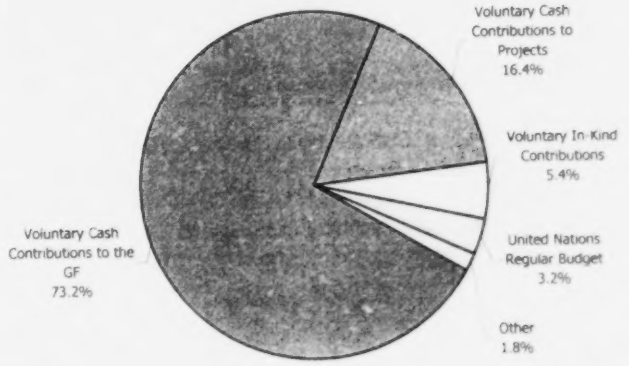


FIGURE 4. EXPECTED FUNDING OF 2000-2001 TOTAL BUDGET VOLUME

(Cash and In-Kind, in Thousands of United States Dollars)

Voluntary Cash Contributions to the GF	538,252
Voluntary Cash Contributions to Projects	120,859
Voluntary In-Kind Contributions	39,914
United Nations Regular Budget	23,350
Other	13,282
Total:	**735,657**


Voluntary Cash Contributions to Projects 16.4%
Voluntary In-Kind Contributions 5.4%
United Nations Regular Budget 3.2%
Other 1.8%
Voluntary Cash Contributions to the GF 73.2%

37. International staff costs represent a small proportion of UNRWA's total expenditure. Moreover, only six of the 108 international posts are covered out of the GF, as 92 are covered out of the United Nations regular budget and 10 are covered from other United Nations sources or project funding (Annex D).

38. As part of its response to continuing funding shortfalls, UNRWA has reduced the number of International staff from 143 in 1997, a decrease of 24 per cent yielding savings of $4 million per year. No increase in International staff is budgeted for the 2000-2001 biennium.

39. Staff costs increase by approximately 2 per cent per year owing to salary increments built into the Agency's compensation package. The impact of this statutory increase on programme allocations, as well as additional staff requirements, is mentioned where relevant in the budgetary comments in Chapters 4-9.

40. The Agency is in the process of introducing improved conditions of employment for persons previously hired on a provisional basis, to avoid erosion in the quality of UNRWA services. This may initially involve additional costs but will generate significant savings over time. Because the improved conditions had not been finalized at the time of budget preparation, it was not possible to incorporate them into the 2000-2001 budget. Preliminary calculations are that additional costs in the biennium will be offset by attrition.

D. Sources of Funding

41. UNRWA funds its financial requirements through a variety of different sources. Figure 4 shows the expected sources of funding for the Agency's total budget volume for 2000-2001, including the regular budget and projects.

42. As UNRWA does not have a system of assessed contributions, its budget is almost entirely funded by voluntary cash and in-kind contributions from Governments and the European Community (EC), both to the regular budget and for projects. Voluntary contributions are expected to cover 95.0 per cent of total budget volume for 2000-2001, of which 73.2 per cent are cash contributions to the GF, 16.4 per cent are cash contributions to projects, and 5.4 per cent are in-kind contributions.

43. The funding of 92 UNRWA International posts out of the United Nations regular budget, an arrangement ongoing since 1975, accounts for 3.2 per cent of total budget volume. The remaining 1.8 per cent of expected income is from the following other sources (figures for 2000-2001 biennium):

- Programme Support Costs (PSC) charged on project-funded activities, in the amount of 12 per cent of project cost for most projects ($6.0 million). PSC amounts are credited against Common Services expenditure in the Agency's accounts.

- Income to the Income-Generation Programme (IGP) from its own credit activities covers the programme's recurrent costs, making the IGP entirely self-sustaining ($3.5 million). The IGP is considered by UNRWA as a self-funded project activity.

- Interest income ($2.0 million).

- Funding of UNRWA posts by the United Nations Educational, Scientific and Cultural Organization (UNESCO) and the World Health Organization (WHO) as part of their technical assistance to the Education and Health programmes, respectively ($1.8 million).

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FIGURE 5. PROGRAMME STRUCTURE OF 2000-2001 REGULAR BUDGET

(Cash and In-Kind, in Thousands of United States Dollars)

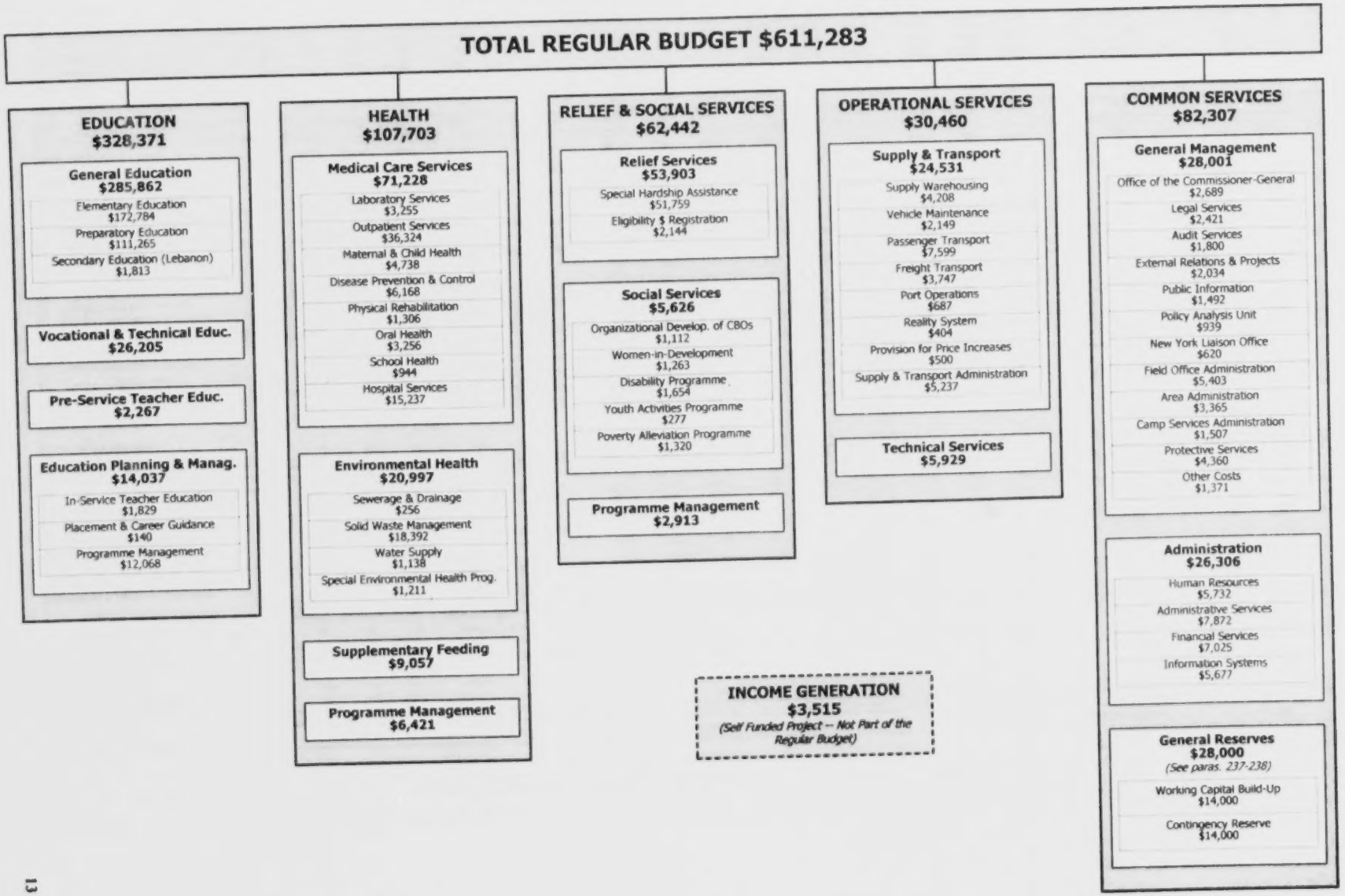

TABLE 2. 2000-2001 REGULAR BUDGET BY PROGRAMME AND FIELD

(Cash and In-Kind, in Thousands of United States Dollars)

	JORDAN			LEBANON			SYRIAN ARAB REPUBLIC			WEST BANK			GAZA STRIP			HEADQUARTERS			TOTAL		
	2000	2001	2000-2001	2000	2001	2000-2001	2000	2001	2000-2001	2000	2001	2000-2001	2000	2001	2000-2001	2000	2001	2000-2001	2000	2001	2000-2001
EDUCATION PROGRAMME																					
General Education																					
Elementary Education	25,903	26,376	52,279	11,757	11,967	23,724	5,681	5,875	11,556	12,316	12,909	25,225	29,277	30,683	59,960	20	20	40	84,954	87,830	172,784
Preparatory Education	19,050	19,168	38,218	7,310	7,467	14,777	4,110	4,175	8,285	6,408	6,635	13,043	17,888	19,030	36,918	12	12	24	54,778	56,487	111,265
Secondary Education (Lebanon)	0	0	0	905	908	1,813	0	0	0	0	0	0	0	0	0	0	0	0	905	908	1,813
Sub-Total General Education	44,953	45,544	90,497	19,972	20,342	40,314	9,791	10,050	19,841	18,724	19,544	38,268	47,165	49,713	96,878	32	32	64	140,637	145,225	285,862
Vocational & Technical Education	3,184	3,241	6,425	2,022	2,057	4,079	970	980	1,950	4,934	4,895	9,829	1,946	1,976	3,922	0	0	0	13,056	13,149	26,205
Pre-Service Teacher Education	415	418	833	110	112	222	0	0	0	604	608	1,212	0	0	0	0	0	0	1,129	1,138	2,267
Education Planning & Management																					
In-Service Teacher Education	137	136	273	474	483	957	62	63	125	76	77	153	159	162	321	0	0	0	908	921	1,829
Placement & Career Guidance	0	0	0	1	1	2	0	0	0	19	19	38	13	14	27	36	37	73	69	71	140
Programme Management	1,307	1,328	2,635	399	413	812	450	456	906	834	880	1,714	1,164	1,293	2,457	1,768	1,776	3,544	5,922	6,146	12,068
Sub-Total Education Planning & Manag	1,444	1,464	2,908	874	897	1,771	512	519	1,031	929	976	1,905	1,336	1,469	2,805	1,804	1,813	3,617	6,899	7,138	14,037
TOTAL EDUCATION PROGRAMME	**49,996**	**50,667**	**100,663**	**22,978**	**23,408**	**46,386**	**11,273**	**11,549**	**22,822**	**25,191**	**26,023**	**51,214**	**50,447**	**53,158**	**103,605**	**1,836**	**1,845**	**3,681**	**161,721**	**166,650**	**328,371**
HEALTH PROGRAMME																					
Medical Care Services																					
Laboratory Services	349	354	703	314	316	630	229	229	458	334	327	661	397	406	803	0	0	0	1,623	1,632	3,255
Outpatient Services	4,301	4,403	8,704	3,020	3,276	6,296	1,842	1,881	3,723	3,327	3,333	6,660	5,407	5,534	10,941	0	0	0	17,897	18,427	36,324
Maternal & Child Health	444	462	906	267	273	540	117	117	234	399	394	793	1,124	1,141	2,265	0	0	0	2,351	2,387	4,738
Disease Prevention & Control	539	572	1,111	765	792	1,557	204	208	412	541	565	1,106	960	1,022	1,982	0	0	0	3,009	3,159	6,168
Physical Rehabilitation	62	64	126	100	100	200	39	39	78	242	245	487	204	211	415	0	0	0	647	659	1,306
Oral Health	488	507	995	333	339	672	150	150	300	292	283	575	354	360	714	0	0	0	1,617	1,639	3,256
School Health	119	121	240	0	0	0	22	23	45	51	52	103	276	280	556	0	0	0	468	476	944
Hospital Services	534	534	1,068	1,460	1,460	2,920	713	715	1,428	3,719	3,728	7,447	1,182	1,192	2,374	0	0	0	7,608	7,629	15,237
Sub-Total Medical Care Services	6,836	7,017	13,853	6,259	6,556	12,815	3,316	3,362	6,678	8,905	8,927	17,832	9,904	10,146	20,050	0	0	0	35,220	36,008	71,228
Environmental Health																					
Sewerage & Drainage	24	24	48	22	22	44	4	4	8	75	75	150	3	3	6	0	0	0	128	128	256
Solid Waste Management	1,922	1,963	3,875	1,678	1,714	3,392	420	426	846	1,673	1,692	3,365	3,438	3,478	6,914	0	0	0	9,129	9,263	18,392
Water Supply	8	7	15	182	183	365	16	16	32	170	171	341	199	186	385	0	0	0	575	563	1,138
Special Environmental Health Programme	0	0	0	0	0	0	0	0	0	10	10	20	612	579	1,191	0	0	0	622	589	1,211
Sub-Total Environmental Health	1,954	1,994	3,938	1,882	1,919	3,801	440	446	886	1,928	1,948	3,876	4,250	4,246	8,496	0	0	0	10,454	10,543	20,997
Supplementary Feeding	1,542	1,588	3,130	333	339	672	538	549	1,087	675	689	1,364	1,388	1,416	2,804	0	0	0	4,476	4,581	9,057
Programme Management	472	479	951	548	558	1,106	305	309	614	639	644	1,283	602	596	1,198	631	638	1,269	3,197	3,224	6,421
TOTAL HEALTH PROGRAMME	**10,804**	**11,068**	**21,872**	**9,022**	**9,372**	**18,394**	**4,599**	**4,666**	**9,265**	**12,147**	**12,208**	**24,355**	**16,144**	**16,404**	**32,548**	**631**	**638**	**1,269**	**53,347**	**54,356**	**107,703**
RELIEF & SOCIAL SERVICES PROGRAMME																					
Relief Services																					
Special Hardship Assistance	4,696	4,734	9,430	5,065	5,145	10,210	2,834	2,875	5,709	3,666	3,711	7,377	9,458	9,537	18,995	19	19	38	25,738	26,021	51,759
Eligibility & Registration	205	209	414	196	197	393	72	73	145	245	249	494	349	349	698	0	0	0	1,067	1,077	2,144
Sub-Total Relief Services	4,901	4,943	9,844	5,261	5,342	10,603	2,906	2,948	5,854	3,911	3,960	7,871	9,807	9,886	19,693	19	19	38	26,805	27,098	53,903

	JORDAN			LEBANON			SYRIAN ARAB REPUBLIC			WEST BANK			GAZA STRIP			HEADQUARTERS			TOTAL		
	2000	2001	2000-2001	2000	2001	2000-2001	2000	2001	2000-2001	2000	2001	2000-2001	2000	2001	2000-2001	2000	2001	2000-2001	2000	2001	2000-2001
Social Services																					
Organizational Development of CBOs	36	67	103	49	50	99	47	48	95	205	206	411	199	205	404	0	0	0	536	576	1,112
Women-in-Development	250	220	470	93	93	186	35	37	72	203	206	409	63	63	126	0	0	0	644	619	1,263
Disability Programme	86	87	173	103	103	206	25	26	51	140	141	281	476	466	943	0	0	0	829	825	1,654
Youth Activities	0	0	0	7	7	14	5	6	11	62	62	124	64	64	128	0	0	0	138	139	277
Poverty Allevation	200	200	400	173	174	347	56	63	119	141	143	284	85	85	170	0	0	0	655	665	1,320
Sub-Total Social Services	572	574	1,146	425	427	852	168	180	348	751	758	1,509	886	885	1,771	0	0	0	2,802	2,824	5,626
Programme Management	140	126	266	185	185	370	92	86	178	168	166	334	229	230	459	656	650	1,306	1,470	1,443	2,913
TOTAL RELIEF & SOCIAL SERVICES	**5,613**	**5,643**	**11,256**	**5,871**	**5,954**	**11,825**	**3,166**	**3,214**	**6,380**	**4,830**	**4,884**	**9,714**	**10,922**	**11,001**	**21,923**	**675**	**669**	**1,344**	**31,077**	**31,365**	**62,442**
OPERATIONAL SERVICES																					
Supply & Transport Services																					
Supply Warehousing	311	325	636	333	346	679	129	120	249	451	448	899	558	567	1,125	307	313	620	2,089	2,119	4,208
Vehicle Maintenance	147	149	296	211	214	425	86	87	173	246	249	495	359	363	722	18	20	38	1,067	1,082	2,149
Passenger Transport	342	349	691	654	672	1,326	279	281	560	453	477	930	1,020	1,028	2,048	1,110	934	2,044	3,858	3,741	7,599
Freight Transport	281	295	576	348	358	706	280	287	567	327	335	662	379	382	761	245	230	475	1,860	1,887	3,747
Port Operations	98	100	198	133	145	278	147	154	301	276	294	570	633	707	1,340	(1,000)	(1,000)	(2,000)	287	400	687
Reality System			0			0			0			0			0	221	183	404	221	183	404
Provision for Price Increases						0										250	250	500	250	250	500
Supply & Transport Administration	379	371	750	541	545	1,086	237	219	456	516	527	1,043	411	410	821	547	534	1,081	2,631	2,606	5,237
Sub-Total Supply & Transport Services	1,558	1,589	3,147	2,220	2,280	4,500	1,158	1,148	2,306	2,269	2,330	4,599	3,360	3,457	6,817	1,698	1,464	3,162	12,263	12,268	24,531
Technical Services	414	411	825	225	222	447	225	221	446	529	534	1,063	1,175	1,124	2,299	424	425	849	2,992	2,937	5,929
TOTAL OPERATIONAL SERVICES	**1,972**	**2,000**	**3,972**	**2,445**	**2,502**	**4,947**	**1,383**	**1,369**	**2,752**	**2,798**	**2,864**	**5,662**	**4,535**	**4,581**	**9,116**	**2,122**	**1,889**	**4,011**	**15,255**	**15,205**	**30,460**
COMMON SERVICES																					
General Management																					
Office of the Commissioner-General			0			0			0			0			0	1,339	1,350	2,689	1,339	1,350	2,689
Legal Services	25	25	50	79	79	158	8	8	16	23	8	31			0	1,077	1,089	2,166	1,212	1,209	2,421
Audit Services			0			0			0			0			0	898	902	1,800	898	902	1,800
External Relations & Projects			0			0			0	104	106	210			0	906	918	1,824	1,010	1,024	2,034
Public Information	26	26	52	62	63	125	19	19	38	51	51	102	63	64	127	536	513	1,049	757	736	1,493
Policy Analysis Unit			0			0			0			0			0	467	473	940	467	473	940
New York Liaison Office			0			0			0			0			0	308	312	620	308	312	620
Field Office Administration	527	535	1,062	613	637	1,250	487	485	972	495	501	996	556	557	1,113	5	5	10	2,683	2,720	5,403
Area Administration	412	420	832	616	562	1,167	163	166	329	520	517	1,037			0			0	1,710	1,655	3,365
Camp Services Administration	150	152	302	236	235	471	15	15	30	349	353	702			0			0	750	755	1,505
Protective Services	139	141	280	325	302	627	115	116	231	603	613	1,216	909	923	1,832	86	86	172	2,177	2,181	4,358
Other		0	0	13	9	22			0	211	220	431	361	363	724	98	98	196	683	690	1,373
Sub-Total General Management	1,279	1,299	2,578	1,943	1,877	3,820	807	809	1,616	2,356	2,369	4,725	1,889	1,907	3,796	5,720	5,746	11,466	13,994	14,007	28,001
Administration																					
Human Resources	221	225	446	153	152	305	81	82	163	189	188	377	300	293	593	1,915	1,933	3,848	2,859	2,873	5,732
Administrative Services	333	335	668	530	533	1,063	167	165	332	513	525	1,038	635	642	1,277	1,748	1,746	3,494	3,926	3,946	7,872
Financial Services	343	344	687	429	430	859	110	111	221	275	278	553	397	402	799	1,945	1,961	3,906	3,499	3,526	7,025
Information Systems	106	104	210	134	91	225	58	51	109	114	105	219	116	99	215	2,685	2,014	4,699	3,213	2,464	5,677
Sub-Total Administration	1,003	1,008	2,011	1,246	1,206	2,452	416	409	825	1,091	1,096	2,187	1,448	1,436	2,884	8,293	7,654	15,947	13,497	12,809	26,306
General Reserves																					
Working Capital Build-Up																7,000	7,000	14,000	7,000	7,000	14,000
Contingency Reserve																5,000	9,000	14,000	5,000	9,000	14,000
Sub-Total Reserves																12,000	16,000	28,000	12,000	16,000	28,000
TOTAL COMMON SERVICES	**2,282**	**2,307**	**4,589**	**3,189**	**3,083**	**6,272**	**1,223**	**1,218**	**2,441**	**3,447**	**3,465**	**6,912**	**3,337**	**3,343**	**6,680**	**26,013**	**29,400**	**55,413**	**39,491**	**42,816**	**82,307**
GRAND TOTAL REGULAR BUDGET	**70,867**	**71,685**	**142,352**	**43,505**	**44,319**	**87,824**	**21,644**	**22,016**	**43,660**	**48,413**	**49,444**	**97,857**	**85,385**	**88,487**	**173,872**	**31,277**	**34,441**	**65,718**	**300,891**	**310,392**	**611,283**

TABLE 3. AGENCY-WIDE EXPENDITURES BY CATEGORY

(Cash and In-Kind, in Thousands of United States Dollars)

		Actual 1998	Estimated 1999	Proposed 2000	Proposed 2001
Staff	International Staff	13,575	13,499	13,309	13,524
	Local Staff	190,268	194,280	204,809	210,888
	Sub-Total	**203,843**	**207,779**	**218,118**	**224,412**
Services	Travel	746	1,290	1,235	1,211
	Communication	952	1,306	956	955
	Transport Services	1,055	1,284	1,970	2,102
	Training	152	445	441	423
	Miscellaneous Services	3,173	3,311	3,434	3,496
	Consultancy Services	492	528	694	413
	Hospital Services	5,248	6,177	5,802	5,826
	Sub-Total	**11,818**	**14,341**	**14,532**	**14,426**
Supplies	Medical Supplies	6,273	7,495	7,457	7,798
	Transportation Supplies	1,273	1,508	1,486	1,523
	Clothing Supplies	256	298	293	297
	Textbooks & Library Books	2,447	3,062	4,216	4,105
	Sport Supplies	90	116	124	127
	Fresh Food	553	665	633	660
	Miscellaneous Supplies	3,152	3,432	3,282	3,315
	Teaching Supplies	157	188	246	240
	Basic Commodities	18,221	19,403	18,397	18,521
	Sub-Total	**32,422**	**36,167**	**36,134**	**36,586**
Equipment & Construction	Computer Hard/Software	570	713	976	535
	Equipment & Furniture	1,330	1,336	1,361	694
	Transport Equipment	492	843	748	556
	Construction	1,136	1,123	331	141
	Sub-Total	**3,528**	**4,015**	**3,416**	**1,926**
Premises	Rental of Premises	1,247	1,260	1,362	1,365
	Utilities	1,633	1,352	1,735	1,753
	Maintenance	2,096	2,833	3,591	3,609
	Sub-Total	**4,976**	**5,445**	**6,688**	**6,727**
Subsidies	Construction Subsidies	1,212	583	527	534
	Other Subsidies	9,599	9,975	10,852	11,158
	Sub-Total	**10,811**	**10,558**	**11,379**	**11,692**
Other	Reserves	2,100	3,789	12,862	16,872
	Income & Credits	-4,322	-6,835	-2,238	-2,249
	Sub-Total	**-2,222**	**-3,046**	**10,624**	**14,623**
Total Regular Budget		**265,176**	**275,259**	**300,891**	**310,392**
Total Project Budget				**59,280**	**65,094**

4. EDUCATION PROGRAMME

The mission of the Education Programme is to help Palestine refugee children and youth acquire the basic knowledge and skills needed to become productive members of their communities in accordance with their needs, identity and cultural heritage.

A. Policy Orientation

44. Education is UNRWA's single largest area of activity, accounting for over half of the Agency's budget and two thirds of its staff. UNRWA is one of the largest education providers in the Middle East region, with all general, vocational and teacher education services provided directly to Palestine refugee beneficiaries through the Agency's own network of facilities.

45. UNESCO assumes technical responsibility for the Education Programme under a 1951 agreement between UNESCO and UNRWA. UNESCO seconds a number of senior International staff on non-reimbursable loan basis to UNRWA, and since 1995 has covered the cost of some senior Area staff.

46. The Education Programme is implemented in close coordination with Ministries of Education of host Governments and the PA. At the elementary, preparatory and secondary levels, the Agency utilizes the same education structure, curricula, textbooks and study plans as do government schools, under a 1953 agreement among the Arab host countries, UNRWA and UNESCO. This arrangement facilitates access to higher education and employment opportunities; allows movement of pupils between UNRWA and government schools; and enables UNRWA pupils to sit for national examinations.

47. Education services are provided free of charge to Palestine refugees registered with UNRWA, similar to the practice of public sector education systems in the region and consistent with the UNESCO policy of Education for All. Admission to all UNRWA education programmes is gender-blind. To enhance community participation, nominal voluntary contributions are collected for use in improving education facilities and services.

B. Activities

Elementary and Preparatory Education

48. UNRWA has been the main provider of elementary and preparatory schooling to the Palestine refugee population since 1950. These services are noteworthy in terms of their importance to the refugee community and their contribution to its well-being and advancement. The Agency's school system has also been a model in attaining low drop-out and repetition rates and high levels of academic achievement.

49. UNRWA's network of 647 elementary and preparatory schools accommodated a total of 457,349 pupils in the 1998/99 school year. The elementary cycle consists of six grades in all Fields of operation (ages 6-12), while the preparatory cycle consists of three grades in the West Bank, the Gaza Strip, the Syrian Arab Republic and Lebanon (ages 12-15) and four grades in Jordan (ages 12-16).

50. Approximately 75 per cent of schools operate on double shifts, whereby two separate groups of pupils and teachers share a single school building. Class sizes are large for both single- and double-shifted schools, with an average of 43.7 pupils per classroom.

51. Pupils at UNRWA schools are provided with textbooks free of charge in accordance with the practice of host authorities. Children of Special Hardship Case (SHC) families are also provided with school supplies (notebooks, pencils, etc.) as one form of assistance to this segment of the refugee population.

52. Refugee pupils may attend government schools in Fields where refugees have full access to public education, such as Jordan, or under long-standing exchange agreements with host authorities to provide schooling for pupils in remote areas. In the 1998/99 school year, 122,824

Table 4. Enrolment in UNRWA Education Programmes

	Actual	Planned (% Increase Over Previous Year)					
	1998/1999	1999/2000		2000/2001		2001/2002	
Elementary [1]	319,898	327,750	+2.4%	336,661	+2.7%	345,662	+2.7%
Preparatory [1]	137,451	141,552	+3.0%	144,543	+2.1%	147,313	+1.9%
Sub-Total Elem. & Prep.	457,349	469,302	+2.6%	481,204	+2.5%	492,975	+2.4%
Secondary [2]	1,367	1,756	+28.4%	1,891	+7.7%	1,937	+2.4%
Vocational & Technical [3]	4,655	4,716	+1.3%	4,820	+2.2%	4,920	+2.0 %
Pre-Service	1,644	1,630	-0.9%	1,630	+0.0%	1,630	+0.0%
In-Service	1,119	930	-16.9%	742	-20.2%	828	+11.6%

[1] Increased enrolment results from natural growth in the refugee population.

[2] Increased enrolment results from phasing in of additional grades at newly-established schools.

[3] Assumes all new courses will be introduced with project funding; if introduced by redeploying resources, increase will be less.

refugee pupils were reportedly enrolled at government and private schools.

53. Because UNRWA utilizes host authority curricula and textbooks, its direct involvement in education content is limited to preparation and implementation of curriculum enrichment materials which aim to strengthen teaching of core subjects and diversify pupils' educational experience.

54. As elementary and preparatory education is available to all school-age refugee children, natural growth in the refugee population is the major determinant of demand for the service over time. Based on demographic data, enrolment is projected to increase by approximately 12,000 pupils (2.5 per cent) per year, reaching 493,000 pupils by the 2001/02 school year (Table 4).

55. Besides expanding capacity to cope with rising enrolments, overcoming inadequacies in UNRWA's education infrastructure is a continuing challenge. Many premises dating from the 1950s and 1960s have become dilapidated and are in need of replacement. The Agency also seeks to replace unsatisfactory rented premises with Agency-built structures which have more classroom space, better facilities and lower running costs.

56. Host authority reforms to curricula, textbooks, study plans, and education structures have direct implications for UNRWA, which must make similar modifications to maintain conformity with the public sector. In the 2000-2001 biennium, such reforms are planned in Lebanon, Syria, the West Bank and the Gaza Strip. Adapting to these changes is a strategic imperative for the Education Programme.

Secondary Education

57. Lebanon is the only Field in which public secondary education is not readily available to Palestine refugees. Palestinian-run secondary schools charging nominal fees have not been available to refugee students since 1993, leaving students with no option but to attend private secondary schools which are prohibitively expensive for the majority of refugee families.

58. UNRWA has sought to address this problem by providing a limited measure of secondary education within available resources. The Agency now operates three secondary schools, which in the 1998/99 school year accommodated 1,367 students. The three-year secondary cycle in Lebanon covers grades 10-12 (ages 16-19).

59. Construction and initial three-year running costs of the three secondary schools have been covered by project funding. While one school is fully operational, the emphasis in the 2000-2001 biennium will be on completing the construction and equipping of premises for the other two schools and bringing them to full capacity by phasing in one grade per year.

Vocational and Technical Education

60. Palestine refugees in UNRWA's area of operations face generally unfavourable economic conditions, including high rates of unemployment and restrictions on economic activity in certain Fields. The Vocational and Technical Education (VTE) programme aims to enhance job opportunities for Palestine refugee youth by equipping them with employable skills relevant in Middle East labour markets.

61. The VTE programme is focused on the direct provision of training through eight Vocational Training Centres (VTCs) – three in the West Bank, two in Jordan, and one each in the Gaza Strip, Lebanon, and Syria. These facilities accommodated a total of 4,655 trainees in the 1998/99 training year. The principal mode of instruction is the two-year training course, of which there are two categories:

- **Vocational / trade courses** which prepare trainees for skilled industrial pursuits such as blacksmith, carpenter, electrician, mechanic, repairperson, etc. A total of 22 such courses accommodating 2,691 trainees were offered in 1998/99. Courses are open to youth aged 15-17 who have completed the preparatory cycle.

- **Technical / semi-professional courses**, which prepare trainees for intermediate-level positions in architecture, business administration, computer science, electronics, engineering, pharmacy, etc. A total of 28 such courses accommodating 1,964 trainees were offered in 1998/99. Courses are open to youth aged 18-20 who have completed the secondary cycle.

62. Applications for admission to VTCs routinely exceed the number of training places available by at least four times. Admission is therefore based on final examination scores at the preparatory or secondary cycle, as appropriate. A percentage quota is reserved for SHCs, as one form of assistance to this segment of the refugee population.

63. Agency courses provide relatively high levels of instructor-trainee contact hours and on-the-job training (2 weeks). Surveys repeatedly demonstrate the success of VTC graduates in finding jobs, with the most recent one revealing that 83 per cent of graduates were employed one year after graduation. VTC graduates also perform relatively well in host authority examinations and in tests and interviews by recruiting agencies.

64. Boarding facilities are offered for trainees who reside far from VTCs at all centres except Gaza Training Centre. The facilities consist of modest dormitories located at the training site which accommodate between 101 and 316 trainees each. For trainees in the Gaza Strip, the Agency provides transportation to and from the training site.

65. Besides two-year training courses, UNRWA facilitates short-term training courses of 6-40 weeks' duration to upgrade participants' skill levels or provide introductory training. Such courses are arranged on an *ad hoc* basis by individual VTCs in cooperation with non-governmental organizations (NGOs) or local training institutions, and entail no direct expenditure by UNRWA. In the 1998/99 training year, 346 trainees benefited from such courses, including ex-detainees in the West Bank.

66. The VTE programme continuously adjusts to developments in the private sector by introducing new specializations in high demand, phasing out specializations which no longer meet needs, regularly updating course syllabi, and upgrading equipment and facilities with project funding. A recent Computer and Information Technology Initiative aimed to further increase the market relevance of training.

67. Additional resources are needed to improve the Agency's aging vocational training infrastructure. Most VTC workshops, laboratories and classrooms are over two decades old, and some are in danger of becoming obsolete. Many VTC facilities require renovation or comprehensive maintenance, and several have deteriorated to a point where they need to be demolished and reconstructed.

Pre-Service Teacher Education

68. UNRWA must continually hire teachers from year to year to keep pace with expanding enrolments and to replace teachers who have left the Agency's service. The availability of qualified teachers depends on external factors which vary from Field to Field, including the output of local teacher training institutions and host authority requirements for teacher qualifications, which are adopted by UNRWA.

69. The main pre-service teacher training activity is carried out by the three Educational Sciences Faculties (ESFs), established in 1993 in response to education reforms by the Jordanian Government which raised the required qualification for elementary and preparatory teachers from a two-year to a four-year (university-level) teacher training diploma. These reforms were later adopted by the PA in the West Bank.

70. The purpose of the ESFs is to ensure that enough candidates meeting UNRWA standards and the new qualification requirement are available to meet the Agency's hiring needs, and to upgrade all underqualified Agency teachers in Jordan to conform to the new requirement, as is being done by the Jordanian authorities. The upgrading component is not offered in the West Bank because the PA does not have a comparable programme.

71. The three ESFs are located on the grounds of UNRWA VTCs in Jordan and the West Bank – Amman Training Centre, Ramallah Men's Training Centre, and Ramallah Women's Training Centre. Combined enrolment was 1,539 trainees in the 1998/99 school year. Two types of training are offered through the ESFs, both of which culminate in an accredited bachelor's degree in education:

- A pre-service programme for secondary-school graduates (ages 18-21), consisting of four years of full-time study. Seven specializations are available, corresponding to mandatory courses in the Jordanian curriculum. Candidates are selected on the basis of exam scores.

- An upgrading programme for serving Agency teachers holding a two-year teacher training diploma, consisting of three years of part-time study. Three specializations are available, focusing on high-demand areas.

72. Pre-service education also includes a post-secondary teacher training course at Siblin Training Centre (STC) to alleviate the shortage of qualified teacher candidates in Lebanon. Accommodating 105 trainees in the 1998/99 school year, the course consists of two years of full-time study, culminating in a diploma of class teacher in the lower elementary cycle.

73. Graduates of the ESF and STC pre-service teacher training programmes become part of the pool of qualified candidates from which UNRWA can draw to meet its present and future staffing requirements. With current output of 200 graduates per year, the ESF upgrading programme will upgrade the qualifications of all underqualified teachers in the Jordan Field by 2003.

In-Service Teacher Education

74. UNRWA is one of the largest employers of teaching staff in the Middle East. As in any public sector education system, in-service training is needed to maintain the quality of education and adapt to curricular changes. In the Agency's case, such training is also needed to maintain equivalency with host authority regulations concerning teacher qualifications.

75. In the 1998/99 school year, a total of 1,119 UNRWA education staff and contract teachers were enrolled in in-service training courses Agency-wide. The programme produces an average of 500 graduates per year. Currently and for the 2000-2001 biennium, about half of those enrolled are contract teachers.

76. Five types of training are offered: basic courses providing a professional qualification for underqualified teachers/instructors; educational leadership and management courses for newly appointed school supervisors, headteachers and assistant headteachers; special needs courses on new subjects introduced in the curriculum and on non-teaching functions required in schools; refresher courses for teachers in specific subjects; and short courses for contract teachers to ensure that they can perform their teaching duties to an adequate standard.

77. The UNRWA/UNESCO Institute of Education at Headquarters (Amman) plans and develops in-service training programmes, which are implemented by Education Development Centres (EDCs) in each Field. Graduates are awarded a diploma by UNRWA which is recognized by host authorities.

78. Training is conducted either on site at EDCs in Field Offices or, for outlying areas, in school buildings. Most courses consist of weekly 3-hour seminars during the school year, held after working hours or on weekends, plus an intensive 2-week workshop during the summer vacation. Short courses for contract teachers consist of 40 contact hours during the school year plus 30 hours during the summer vacation.

79. The programme's major achievement has been to reduce the percentage of underqualified UNRWA teachers from almost 90 per cent in 1963 to 3 per cent in 1998, not counting contract teachers. The Agency's in-service teacher training programme is one of the most well-regarded in the Middle East.

Placement and Career Guidance

80. To enhance linkages between the VTE programme and regional labour markets, the Agency operates five small Placement and Career Guidance Offices in Fields and at Headquarters which facilitate the work of employer recruiting teams, make candidates aware of job opportunities, acquaint pupils and students with VTE opportunities, and conduct surveys to ensure the market relevance of the programme. The offices conducted 172 school visits, 93 visits to local firms, and five market surveys during the 1998-1999 biennium.

Programme Management

81. This item covers the management and administration of the Education Programme at the Headquarters, Field and Area levels, including the planning, monitoring, evaluation and policy-making functions.

82. It includes the Headquarters offices of the Department of Education, including the Director of Education and four Division Chiefs; the offices of Chief, Field Education Programme and Area Education Officers (except in the Gaza Field); as well as other senior education staff at the Field level.

83. Also budgeted here are programme costs which cannot be attributed entirely to a single sub-programme or to one of the eight VTCs, such as school supervisors who oversee elementary, preparatory and secondary schools, and education specialists responsible for course content in schools and VTCs as a whole.

84. The Education Programme Management budget used to include the cost of university scholarships for refugee students. Since 1997, those scholarships have been offered with project funding only. Owing to competing priorities, this activity will be phased out as current scholarship recipients complete their studies.

A summary of Education Programme goals/objectives/ targets for the 2000-2001 biennium is provided in Annex A.

C. Budgetary Comments

85. The Education budget accounts for 53.7 per cent of the regular budget for the 2000-2001 biennium. Regular budget cash and in-kind allocations are $161.7 million for 2000 and $166.7 million for 2001.

86. The major regular budget expenditures for the Education Programme are as follows (figures for fiscal year 2000):

- $116.7 million for 12,998 teachers, including 11,212 Area staff ($109.1 million) and 1,786 teachers hired on contract basis ($7.6 million). The exact number of teachers depends on the class formation for each school year.
- $9.6 million for 835 headteachers and assistant headteachers.
- $7.7 million for 698 other staff including senior programme staff (Area and International) and support staff.
- $7.2 million for 569 vocational, technical and teacher training instructors/professors.
- $5.6 million for 859 school attendants responsible for upkeep of premises.
- $4.2 million for textbooks.
- $4.0 million for rent, utilities and maintenance of premises.
- $2.0 million for 164 school supervisors.

These costs account for 97 per cent of regular budget allocations for the Education Programme.

87. Regular budget allocations for the Education Programme show an increase of 6.9 per cent ($10.5 million) between 1999 and 2000. The main reasons for this increase are as follows:

- Annual salary increments for present UNRWA staff, which increase staff costs by 2 per cent per year ($2.8 million).
- Attribution of maintenance costs to the Education Programme rather than budgeting them under Technical Services as per previous practice ($2.3 million).
- Hiring of 462 additional teachers, assistant headteachers and school supervisors for the 2000/01 school year, to accommodate rapidly rising enrolments in the elementary and preparatory cycles, to adapt to new host authority curricula with more study periods, and to bring secondary schools in Lebanon to full capacity ($1.4 million).
- Retention throughout fiscal year 2000 of the 369 teachers, assistant headteachers and school supervisors due to be hired in fall 1999 for the 1999/00 school year, for the same reasons as mentioned above ($1.2 million). These personnel will be on board for four months in 1999 but 12 months in 2000.
- Purchase of additional textbooks in various Fields in order to adjust to curricular changes introduced by host authorities, particularly in Lebanon, and to accommodate population growth ($1.1 million).
- Reversion of running costs of secondary schools in Lebanon to the regular budget upon expiry of initial project funding ($0.8 million).
- Estimated non-utilization in 1999, relating to vacant non-teacher posts ($0.5 million).

- Cost increases for utilities and rented premises ($0.4 million).

88. Cost-effectiveness and cost containment within the Education Programme are achieved through the following strategies:

- Appointing all new and additional teachers on contract basis, with attendant reduction in recurrent costs as compared with their appointment as Area staff.

- Sustaining a textbook recovery rate of 60 per cent for grades 5 and above, enabling most textbooks to be reused the following year except when new textbooks are introduced.

- Rationalizing norms for non-teacher posts such as school supervisors so that fewer additional staff are hired to accommodate expanded enrolments.

- Maintaining double-shifting as the standard practice in UNRWA elementary and preparatory schools to maximize use of limited resources.

- Replacing rented premises with Agency-standard structures through project funding, which lowers recurrent costs while improving the quality of education.

- Maintaining a policy whereby new VTC courses can only be introduced with project funding or by redeploying resources.

89. Over and above regular budget allocations, the project budget includes $62.3 million in projects for the Education Programme during the 2000-2001 biennium, including:

- Construction and equipping of additional classrooms and school buildings ($6.0 million).

- Replacement and maintenance of dilapidated school buildings ($25.1 million).

- Replacement of unsuitable rented school premises ($6.7 million).

- Upgrading and expansion of vocational training capacity ($9.1 million).

- Construction and equipping of specialized rooms in schools ($11.7 million).

- Purchase of additional textbooks for the new Lebanese curriculum for the biennium ($1.6 million); this cost will be borne by the GF if project funding is unavailable.

- Other activities including curriculum enrichment and human resource development ($2.1 million).

Achieving programme goals and objectives for 2000-2001 will be contingent upon receipt of project funding for the above activities.

90. In the context of budgetary reform, certain costs relating to the Education Programme have been reattributed so that budget allocations more accurately reflect the cost of programme activities. Such changes include:

- Transfer of the cost of the five offices of Chief, Field Education Programme from General Education to Programme Management ($0.8 million in 2000). This accounts for the large apparent increase in Programme Management between 1999 and 2000.

- Transfer of the cost of 26 staff involved in teacher training from General Education to In-Service Teacher Education ($0.4 million in 2000). This accounts for the large apparent increase in In-Service Teacher Education between 1999 and 2000.

- The above-mentioned attribution of maintenance costs to the Education Programme rather than budgeting them under Technical Services as per previous practice ($2.3 million in 2000).

- Shifting of In-Service Teacher Education and Placement and Career Guidance to Education Planning and Management, from General Education and Vocational and Technical Education, respectively.

91. As part of its technical assistance to UNRWA, UNESCO seconds the Director of Education to the Agency on non-reimbursable loan basis and covers the cost of two International posts and four Area posts at Headquarters. This assistance is valued at $0.5 million per annum.

92. In-kind allocations represent 0.4 per cent of regular budget allocations for the Education Programme ($0.7 million). The in-kind portion of the regular budget consists of part of the above-mentioned assistance from UNESCO as well as basic commodities used in VTCs and home economics classes in schools.

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TABLE 5. EDUCATION PROGRAMME EXPENDITURES BY ACTIVITY

(Cash and In-Kind, in Thousands of United States Dollars)

	Year				Biennium		Increase	
	Actual 1998	Estimated 1999	Proposed 2000	Proposed 2001	Total 1998-1999	Total 2000-2001	1999 to 2000	1998-1999 to 2000-2001
General Education								
Elementary Education	77,732	79,459	84,954	87,830	157,191	172,784		
Preparatory Education	50,553	52,027	54,778	56,487	102,580	111,265		
Secondary Education (Lebanon)	10	112	905	908	122	1,813		
Sub-Total	**128,295**	**131,598**	**140,637**	**145,225**	**259,893**	**285,862**	**6.9%**	**10.0%**
Vocational & Technical Education	**12,438**	**12,787**	**13,056**	**13,149**	**25,225**	**26,205**	**2.1%**	**3.9%**
Pre-Service Teacher Education	**965**	**1,196**	**1,129**	**1,138**	**2,161**	**2,267**	**-5.6%**	**4.9%**
Education Planning & Management								
In Service Teacher Education	392	466	908	921	858	1,829		
Placement & Career Guidance	53	64	69	71	117	140		
Programme Management	4,991	5,125	5,922	6,146	10,116	12,068		
Sub-Total	**5,436**	**5,655**	**6,899**	**7,138**	**11,091**	**14,037**	**22.0%**	**26.6%**
Total Regular Budget	**147,134**	**151,236**	**161,721**	**166,650**	**298,370**	**328,371**	**6.9%**	**10.1%**
Total Project Budget			**30,942**	**31,409**		**62,351**		

TABLE 6. EDUCATION PROGRAMME EXPENDITURES BY CATEGORY

(Cash and In-Kind, in Thousands of United States Dollars)

		Actual 1998	Estimated 1999	Proposed 2000	Proposed 2001
Staff	International Staff	624	413	446	453
	Local Staff	138,261	141,714	148,319	153,384
	Sub-Total	**138,885**	**142,127**	**148,765**	**153,837**
Services	Travel	176	187	203	215
	Communication	38	32	45	46
	Transport Services	58	70	60	62
	Training	2	9	11	11
	Miscellaneous Services	347	382	165	162
	Consultancy Services	54	47	46	52
	Sub-Total	**675**	**727**	**530**	**548**
Supplies	Medical Supplies	39	69	55	56
	Transportation Supplies	28	29	35	35
	Clothing Supplies	159	165	170	174
	Textbooks & Library Books	2,417	3,020	4,161	4,051
	Sport Supplies	90	116	124	127
	Fresh Food	510	619	586	611
	Miscellaneous Supplies	1,670	1,869	1,846	1,871
	Teaching Supplies	147	178	234	228
	Basic Commodities	145	267	203	214
	Sub-Total	**5,204**	**6,332**	**7,414**	**7,367**
Equipment & Construction	Computer Hard/Software	123	43	92	42
	Equipment & Furniture	542	534	304	201
	Construction	52	113	140	81
	Sub-Total	**717**	**690**	**536**	**324**
Premises	Rental of Premises	774	698	787	787
	Utilities	877	602	918	923
	Maintenance	0	0	2,309	2,392
	Sub-Total	**1,651**	**1,300**	**4,014**	**4,102**
Grant & Subsidies		**31**	**31**	**39**	**39**
Other	Reserves	0	57	448	458
	Income & Credits	-29	-28	-25	-25
	Sub-Total	**-29**	**29**	**423**	**433**
Total Regular Budget		**147,134**	**151,236**	**161,721**	**166,650**
Total Project Budget				**30,942**	**31,409**

5. HEALTH PROGRAMME

The mission of the Health Programme is to protect, preserve and promote the health status of the registered Palestine refugees and meet their basic health needs consistent with the basic principles and concepts of WHO as well as with the standards achieved by the public health sector in the Agency's area of operations.

A. Policy Orientation

93. WHO assumes technical responsibility for the Health Programme under the terms of an agreement signed between WHO and UNRWA in 1950. WHO seconds to UNRWA the Director of Health on non-reimbursable loan basis and covers the cost of four Headquarters Division Chief posts.

94. The Health Programme is implemented in close coordination with Ministries of Health of host Governments and the PA. Subject to availability of resources, the Agency strives to streamline health policies and services with those of public health systems while avoiding duplication of inputs.

95. Primary health care services are provided free of charge to Palestine refugee patients registered with UNRWA to ensure exposure to the full range of preventive care services. Refugees participate through co-payments in the cost of secondary care, tertiary care, and specialized services. Community participation in health includes self-help environmental health projects and support for Qalqilia Hospital in the West Bank.

96. Primary health care services are provided directly by UNRWA to beneficiaries through the Agency's own network of facilities. Secondary care is provided through subsidies towards treatment in third-party hospitals, except at Qalqilia Hospital. Environmental health services in refugee camps are for the most part provided directly by UNRWA, with some solid waste management provided through local municipalities.

97. UNRWA adopts an integrated approach to primary health care, seeking to provide a full range of preventive, curative and diagnostic services at each health centre. This approach facilitates accessibility to services, ensures continuity of care, reduces the inconvenience of referral from one level of care to another, allows maximum utilization of human and physical resources, and minimizes overhead.

B. Activities

Laboratory Services

98. The 93 medical laboratories integrated within UNRWA health centres provide a wide range of laboratory investigations used to facilitate the diagnosis of diseases among refugee patients, monitor progress in management of morbidity conditions, and support health services research. The laboratories performed 3.3 million investigations in 1998 at a fraction of comparable costs in local markets.

Outpatient Services

99. As a component of UNRWA's integrated primary health care programme, outpatient services aim to reduce morbidity, mortality and disability among the Palestine refugee population from acute and chronic diseases and to provide continuing care to patients with special health problems and needs. Services are provided through UNRWA's network of 122 primary health care facilities, which handled more than 7 million medical consultations and other interventions in 1998.

100. Outpatient services include routine examination and diagnosis of patients, prescription of medicines, injections and dressings, specialist care (e.g. cardiology, paediatrics, ophthalmology and care for ear, nose and throat diseases) referral of patients to specialized services provided by UNRWA (e.g. Disease Prevention and Control (DPC), and Maternal and Child Health (MCH)) and referral of patients in need of hospital services or special investigations not available at UNRWA clinics.

101. Generalized socio-economic hardship among the refugee population has generated additional demand for UNRWA services, especially those available elsewhere to refugees at an affordable cost. At the same time, the quality of care has continued to be negatively affected by funding shortfalls which prevent human resources from increasing

at a rate commensurate with population growth and rising demand for services.

102. Workloads at UNRWA health centres remain high, with an average of 100 consultations per doctor per day. Utilization of outpatient services increased by 54 per cent between 1988 and 1998 without a commensurate increase in staffing. Owing to rising demand, the Agency has had to maintain the double-shift system introduced during the *intifadah* at the six largest health centres in the Gaza Strip.

103. The introduction of appropriate appointment systems Agency-wide has markedly improved the pattern of patient flow by reducing patient waiting time and increasing staff-client contact time. However, the pattern of daily life among the refugee population, including the double shifting of schools, continues to affect the pattern of patient flow and population compliance at the expense of the quality of care.

104. UNRWA maintains a list of essential drugs consistent with WHO drug policies which are dispensed to patients free of charge upon prescription by Agency health staff. Although selective drug prescription has kept cost-efficiency high, inadequate budget provisions have resulted in stock ruptures for medical supplies which have meant that essential drugs for treatment of life-saving conditions were not always available.

105. In recent years, the Agency has been able to rehabilitate and expand its network of primary health care facilities with project funding received under PIP and other sources. For the 2000-2001 biennium, no further expansion of primary health care facilities is planned, while the focus will be on rehabilitating and upgrading existing facilities, particularly those which are dilapidated.

Maternal and Child Health

106. Women of reproductive age and children below age 15 constitute two-thirds of the registered refugee population. As most of the causes of childhood and childbearing morbidities and mortalities are preventable, investment in maternal and child health and family planning remains the most cost-effective expenditure in health.

107. Despite marked improvement in the health status of the refugee population as a whole, the health status of women and children is characterized by high crude birth rates, high family sizes, low mean marital ages, short birth intervals, high proportion of at-risk pregnancies, poor surveillance of maternal mortality, and high incidence of iron-deficiency anaemia.

108. MCH services are delivered directly to beneficiaries through the Agency's primary health care infrastructure. In 1998, the 122 MCH clinics integrated within all UNRWA primary health care facilities provided care to 67,665 pregnant women, 63,110 family planning acceptors, and 218,500 children under age 3. High rates of coverage are being achieved among all target groups.

109. Maternal health services aim to reduce pregnancy-related morbidity and maternal mortality from preventable causes through ante-natal and post-natal monitoring using a risk approach and management of major morbidity conditions. Surveillance of maternal mortality and limited intra-partum care are also provided.

110. Child health services aim to reduce infant and early child morbidity and mortality through growth monitoring and protective immunization up to age 3, early detection and management of morbidity conditions, and special care for anaemic and growth-retarded children and those born with risk factors.

111. Family planning emphasizing child-spacing and use of modern contraceptives is an integral part of the MCH programme consistent with WHO policy. The service aims to reduce maternal, peri-natal and infant morbidity and mortality by avoiding too early, too late, too frequent and too close pregnancies. The increase in family planning acceptors has correlated with a decrease in pregnant women cared for at MCH clinics.

Disease Prevention and Control

112. The present epidemiological morbidity and mortality pattern of the Palestine refugee population resembles that of many populations whose health status is in transition from a developing to a developed stage. As such, it has much in common with both.

113. While the incidence of communicable diseases preventable by immunization has been reduced, the refugee community remains at risk from communicable diseases transmitted through the environment, re-emerging and newly-emerging infectious diseases, non-communicable diseases often associated with life-styles, and micro-nutrient diseases.

114. The activities of the DPC sub-programme include active surveillance of communicable diseases of public health importance including prevention and control of epidemics; an Expanded Programme on Immunization against vaccine-preventable diseases, and participation in

National Immunization Days organized by public health authorities as part of the WHO regional strategy.

115. Direct management of non-communicable diseases is provided through a special care programme fully integrated within the Agency's primary health care activities which reaches approximately 72,000 patients annually. In connection with the MCH programme, the Agency provides screening for and management of iron-deficiency anaemia among pre-school children and pregnant women.

116. The Agency also implements multi-sectoral youth-centred health education programmes for prevention of tobacco use and prevention of HIV/AIDS and other sexually transmitted diseases, which reach approximately 100,000 preparatory school children as well as at VTC trainees and WPC participants.

Physical Rehabilitation

117. The increase in life span among Palestine refugees has resulted in high prevalence of chronic morbidity conditions often associated with disabling complications requiring physical rehabilitation. With rehabilitation services by other providers varying in quality and accessibility, UNRWA offers limited physical rehabilitation services at 13 physiotherapy clinics in the West Bank, the Gaza Strip and Jordan, as well as through contractual arrangements in Syria.

118. In 1998, a total of 7,106 persons benefited from such services, including trauma and non-trauma cases. Prosthetic devices recommended on medical grounds are provided with co-payments by beneficiaries. The programme is centred on the West Bank and Gaza Strip, where it was established with project funding during the *intifadah*. Programme strategy emphasizes full cooperation with the PA with a view to possible integration within the national rehabilitation programme.

Oral Health

119. Dental caries and periodontal diseases remain prevalent among the Palestine refugee population, with dental fluorosis an added problem in the Gaza Strip owing to the high fluoride content of water supplies. The Oral Health sub-programme aims to reduce the prevalence of such diseases among refugees with special emphasis on at-risk groups such as school children and pregnant women.

120. Comprehensive preventive and curative oral health services are provided through 74 dental clinics integrated within Agency health centres and eight mobile teams providing community oral health services. These facilities handled some 480,000 consultations in 1998. Services include routine dental consultations and treatment, screening for detection and management of dental diseases among at-risk groups, and promotion of preventive oral health through community education.

121. Programme strategy emphasizes preventive care and restorative treatment. Periodic situation analyses are conducted to assess oral health status among school children with a view to re-defining targets. As UNRWA has already attained the oral health targets established by WHO in 1982 for achievement by 1999, the emphasis during the 2000-2001 biennium will be on other medical care needs of the refugee population.

School Health

122. School children aged 6-16 represent approximately 13 per cent of all registered Palestine refugees. Being in a state of growth and development, they are vulnerable to a particular set of morbidity conditions. The school environment affords an excellent opportunity for early detection and management of morbidity conditions and physical disabilities as well as for health education.

123. School health services include thorough medical examination of all new pupils (55,993 in the 1998/99 school year), booster immunization against vaccine-preventable diseases (102,886 in the 1998/99 school year), screening for morbidity conditions amenable to management, medical care and referral of children in special need, preventive oral and dental care, establishment of hygienic standards for school premises, and de-worming campaigns.

124. As curricula and textbooks of host authorities do not always adequately address health concerns, UNRWA prepares comprehensive curriculum enrichment materials to raise awareness of health issues and promote healthy life-styles (e.g. on prevention of tobacco use and HIV/AIDS). These are delivered on an extra-curricular basis by Agency teachers in coordination with the Department of Education.

125. School health services are provided by medical officers assigned to UNRWA primary health care facilities, for schools located near health centres, and by mobile school health teams, for schools located at a distance from health centres.

Hospital Services

126. As in any health care system, secondary care is essential to prevent disability and/or premature death as a result of life-threatening conditions requiring surgical intervention or special medical care not readily available at the primary level. UNRWA plays a critical role in ensuring that Palestine refugees receive essential hospital services despite rapidly rising health costs, declining real incomes, and lack of access to secondary care in some Fields.

127. UNRWA provides hospitalization assistance either by contracting hospital beds which are made available to patients at subsidized rates, or through partial reimbursement of costs incurred upon treatment at third-party hospitals, depending on the Field. In 1998, 41,752 refugee patients were admitted to hospitals with support from UNRWA, utilizing 135,892 patient days.

128. Except for emergency life-saving cases, refugee patients must be referred for hospital treatment by UNRWA primary health care facilities to be eligible for hospitalization assistance. This approach ensures that hospital services are utilized selectively and in accordance with standard referrals criteria. The average hospital stay was 3.3 days, very low by international standards.

129. All refugee patients make co-payments for hospital care ranging from 12-40 per cent of treatment costs, with co-payments rising to 50-70 per cent for tertiary care. Co-payments for SHCs are lower (10 per cent maximum) as one form of assistance to this segment of the refugee population.

130. To sustain essential hospitalization services, the Agency has had to apply a series of cost-containment measures in recent years such as raising co-payment rates, limiting referrals to genuine emergencies and essential life support conditions, and discontinuing reimbursements for certain treatments. The Agency has also had to rely on project contributions to maintain the level of services in Lebanon, an approach that will be widened in 2000-2001.

131. Qalqilia Hospital in the West Bank is the only hospital run directly by UNRWA, with support from the local community. Founded in 1950, the 43-bed facility offers medical care, surgery, gynaecology and obstetric services to Palestine refugees and needy non-refugees in the northern West Bank. A total of 4,108 patients were treated at the hospital in 1998, utilizing 13,338 bed-days. The hospital is open to needy non-refugees as well as refugees.

132. With regard to the ongoing EGH project, an international management team was expected to be recruited in mid-1999 to oversee the commissioning and initial operation of the 232-bed hospital, which will eventually become part of the PA health care system. Work on the project is being supervised by a tripartite project board comprising UNRWA, the EC and the PA, established after construction and major equipping were completed in 1996. (The EGH project account is separate from the regular and project budgets.)

Sewerage and Drainage

133. Poor environmental health conditions continue to pose a threat to health for the 1.2 million registered Palestine refugees living in 59 refugee camps. Inadequate drainage can increase the prevalence of vector-borne diseases and may also cause flooding and landslides, while poorly-maintained open drains can lead to unsanitary buildups of garbage. Where no appropriate sewerage systems exist, effluent terminates into adjacent fields, increasing the risk of disease transmission.

134. The Sewerage and Drainage sub-programme aims to minimize health risks and prevent environmental pollution through safe disposal of sewage and domestic liquid waste and management of storm-water runoff. The Agency seeks to ensure that all refugee camps have access to appropriate disposal facilities and that all camp shelters are connected to underground sewerage systems where they exist. Recurrent activities are focused on maintaining existing surface drains and underground sewerage systems.

135. With project funding, the Agency constructs internal sewerage schemes in refugee camps, connects existing systems to municipal/regional networks, and implements self-help camp improvement projects to connect refugee shelters to underground sewerage systems. At present, 23 camps are not connected to municipal/regional networks, and one-third of shelters are not connected to underground systems. All projects are coordinated with local authorities.

136. The Agency has completed feasibility studies and detailed technical designs for eight camps in Lebanon and six camps in the Gaza Strip, and feasibility studies for four camps in the West Bank. Implementation of three major funded projects will extend into the 2000-2001 biennium: upgrading of the Gaza wastewater treatment plant, improvement of sewerage and drainage in eight refugee camps in Lebanon, and connection of Khan Dannoun camp in Syria to nearby municipal sewers.

Solid Waste Management

137. Effective solid waste management is essential for the health and well-being of refugee camp residents. Uncollected refuse and unsanitary disposal sites are perfect breeding grounds for disease-carrying insects and rodents, while the absence of systems for the segregation or recycling of solid waste leads to mixing of household/commercial refuse with industrial/ medical wastes. Expanding camp populations compound the problem.

138. UNRWA seeks to minimize the risk of disease transmission and ensure optimal cleanliness in refugee camps through appropriate systems for collection and disposal of refuse and control of insects and rodents. Activities comprise routine collection of refuse from homes, market places and public facilities and its removal to the point of final disposal at municipal dumping sites or open landfills. Regular insecticide-spraying and rodent control activities are also carried out.

139. Financial constraints have prevented UNRWA's sanitation workforce from increasing commensurately with the expansion of camp populations, overtaxing available resources. The strategic approach for 2000-2001 is therefore focused on mechanization of solid waste management with project funding, which will improve the quality of service and reduce recurrent costs. Mechanization also encourages community participation by reducing reliance on house-to-house collection by sanitation labourers.

Water Supply

140. Assuring safe drinking water for Palestine refugees living in refugee camps is a major challenge. Nearly all water networks in camps are corroded with age, increasing the risk of cross-contamination from raw sewage and other pollution including pesticides, industrial waste, and sea water intrusion. Conditions are particularly bad in the Gaza Strip, where water quality is far below international standards. The quantity of water supplies is also generally inadequate.

141. The Water Supply sub-programme seeks to ensure that all refugee camp residents have access to safe indoor drinking water. In camps not connected to municipal water systems, the Agency assumes full responsibility for water supplies by operating water augmentation plants, pumping water from deep wells to camp networks, and conducting disinfection and bacteriological examination of water supplies. In camps connected to municipal systems, the Agency coordinates with municipalities to ensure quality control.

142. The Agency also works to improve water supply infrastructure in refugee camps and encourage self-help schemes for indoor connections to water networks, mainly with project funding. Owing to water scarcity, tanker trucks are maintained where necessary to alleviate shortages in refugee camps in emergency situations and to supply installations such as schools and health centres.

Special Environmental Health Programme (Gaza)

143. The Gaza Strip faces the most serious environmental health problems of any Field. Conditions in the eight refugee camps are characterized by high levels of ground water salinity and nitrate concentration; overflow from surface drains which contaminates the camp environment; ineffective control of storm water runoff; unplanned indoor water connections which lead to cross-contamination; and inadequate solid waste disposal systems which increase the risk of disease transmission.

144. Recognizing that the extreme environmental health problems of the Gaza Strip constituted a major threat to health and to water resources, UNRWA established the Special Environmental Health Programme (SEHP) in 1993 to provide intensified environmental health services. The SEHP undertakes planning, design and construction of sewerage, drainage and water supply systems in refugee camps and surrounding areas, in coordination with the PA and other organizations working in the environmental sector.

145. The SEHP has achieved tangible progress in improving environmental health standards by introducing a comprehensive planning approach and implementing a range of infrastructure and other projects. The emphasis in the 2000-2001 biennium will be on projects for proper sewage collection and storm water systems and proper treatment and disposal of effluents, the most pressing needs in terms of physical infrastructure. These activities will be undertaken exclusively with project funding.

Supplementary Feeding

146. Although protein-calorie malnutrition is a problem of the past, the health of the refugee population continues to be compromised by nutrition-related problems including iron-deficiency anaemia and iodine-deficiency disorders as well as a degree of stunting among children. Management

of certain non-communicable diseases also requires dietary control.

147. The Supplementary Feeding programme aims to reduce the burden of diseases associated with nutritional deficiencies among vulnerable groups by providing monthly dry rations to pregnant women, nursing mothers, hospitalized patients and tuberculosis patients. In 1998 some 98,000 refugees benefited from the programme. The ration comprises flour, rice, sugar and pulses, all donated in kind.

148. The number of beneficiaries is expected to decline to 95,000 in 2001, reflecting the impact of the Agency's family planning programme. Consistent with the WHO strategy for prevention of iron deficiency anaemia, the Agency will take steps to fortify the flour component of the ration with iron and folate as and when similar measures are taken by host authorities.

Programme Management

149. This item covers the management and administration of the Health Programme at the Headquarters and Field levels, including planning, monitoring, evaluation, technical guidance, in-service training and information management. Included are the Headquarters offices of the Department of Health, including the Director of Health and four Division Chiefs; the offices of Chief, Field Health Programme; as well as other senior health staff at the Field level.

150. Consistent with the high priority accorded to capacity-building and increasing efficiency, the Health Programme seeks to make cost-effective investments in developing human resources with project funding. Recent initiatives include a training-of-trainers initiative in reproductive health and epidemiology, and development of an open-learning programme on maternal health and family planning, in the Gaza Strip.

A summary of Health Programme goals/objectives/targets for the 2000-2001 biennium is provided in Annex A.

C. Budgetary Comments

151. The Health budget accounts for 17.6 per cent of the regular budget for the 2000-2001 biennium. Regular budget cash and in-kind allocations are $53.3 million for 2000 and $54.4 million for 2001.

152. The major regular budget expenditures for the Health Programme are as follows (figures for fiscal year 2000):

- $8.1 million for 1,250 sanitation workers responsible for garbage collection in refugee camps.
- $7.4 million for medical supplies used in or dispensed from outpatient facilities or in connection with other primary health care services.
- $7.2 million for direct hospitalization assistance, including $5.8 million for contracted hospital beds and $1.4 million in reimbursements to beneficiaries.
- $5.4 million for 642 nurses.
- $5.2 million for 337 doctors, dentists, and other health specialists.
- $4.4 million for commodities distributed under the Supplementary Feeding programme.
- $3.6 million for 440 other health professionals including midwives, pharmacists, physiotherapists, lab technicians, etc.
- $3.0 million for 451 health centre clerks who handle patient flow and cleaners responsible for upkeep of premises.

These costs alone account for 83 per cent of regular budget allocations for the Health Programme.

153. Regular budget allocations for the Health Programme show an increase of 2.7 per cent ($1.4 million) between 1999 and 2000. The main reasons for this increase are as follows:

- Hiring of 103 additional sanitation labourers to cope with the waste disposal needs of rapidly expanding camp populations in the Gaza Field ($0.8 million). These staff may not be needed if project funding is made available for mechanization of solid waste management.
- Fully utilizing primary health care capacity in the Gaza Field to accommodate rising demand by maintaining double shifts at the six largest health centres and operating two newly-constructed centres on full-time rather than part-time basis ($0.8 million).
- Annual salary increments for present UNRWA staff, which increase staff costs by 2 per cent per year ($0.6 million).
- Attribution of maintenance costs to the Health Programme rather than budgeting them under

Technical Services as per previous practice ($0.4 million).

- Increasing allocations for prosthetic devices and other subsidies, previously reduced as an austerity measure ($0.1 million). Devices such as eyeglasses and hearing aids are provided with beneficiary co-payments mainly to children so that they can attend school.

- Adjusting food commodity requirements for the Supplementary Feeding sub-programme and phasing out staff by attrition, owing to the projected decline in demand over the biennium (-$1.3 million).

154. Cost-effectiveness and cost containment within the Health Programme are achieved through the following strategies:

- Preserving the sustainable investment in primary health care, particularly in MCH and DPC, through gradual redeployment of resources from the secondary level.

- Rationalizing drug prescription based on WHO policies to keep per capita expenditure on pharmaceuticals well below that of other health care providers.

- Selective use of hospital services by applying strict referrals criteria and maintaining a comprehensive co-payment system.

- Reducing the cost of outsourced hospital and other services contracted at private institutions by seeking more economical options at government or NGO institutions.

- Redeploying human resources from lower-priority areas such as mid-level managerial positions to more pressing areas such as doctors and nurses.

- Using appropriate technology to reduce recurrent costs through such measures as mechanization of solid waste management and automation of laboratory equipment.

- Rationalization of the sanitation labourer norm to minimize staff cost increases; no additional solid waste management staff are needed except in the Gaza Field.

- Reorienting programme activities and strategies towards more cost-effective interventions such as fortification of flour instead of investment in medicinal iron supplementation.

155. Over and above regular budget allocations, the project budget includes $29.3 million in projects for the Health Programme during the 2000-2001 biennium, including:

- Construction of sewerage and drainage networks ($11.8 million).

- Rehabilitation of water networks ($0.1 million).

- Mechanization of solid waste management ($3.8 million).

- Paving of pathways and drains on self-help basis ($0.8 million)

- Increasing hospitalization assistance ($9.1 million).

- Replacement and maintenance of dilapidated health centres ($2.2 million).

- Upgrading of medical equipment at health centres ($1.0 million).

- Targeted health education activities in schools ($0.3 million).

- Other activities including human resource development ($0.2 million).

Achieving programme goals and objectives for 2000-2001 will be contingent upon receipt of project funding for the above activities.

156. In the context of budgetary reform, certain costs relating to the Health Programme have been reattributed so that budget allocations more accurately reflect the cost of programme activities. Such changes include:

- Merging of the former Pharmacy Services and Mental Health sub-activities into Outpatient Services.

- Establishment of a separate DPC sub-programme through reattribution of various expenditures previously included under Medical Care Services, such as Tuberculosis Control.

- Transfer of the cost of all senior professional and support staff involved in programme management and administration at the Field and Area levels, from Medical Care Services to Programme Management

($0.5 million in 2000). This accounts for the large apparent increase in Programme Management costs between 1999 and 2000.

157. As part of its technical assistance to UNRWA, WHO seconds the Director of Health to the Agency on non-reimbursable loan basis and covers the cost of four Area posts at Headquarters. This assistance is valued at $0.3 million per annum.

158. In-kind allocations represent 11 per cent of regular budget allocations for the Health Programme in 2000 ($5.9 million). The in-kind portion of the regular budget consists of the above-mentioned assistance from WHO as well as food commodities for the Supplementary Feeding programme and certain medical supplies donated by host authorities and other United Nations bodies for the MCH and DPC programmes. The Agency will continue to rely on in-kind donations to sustain these activities in the 2000-2001 biennium.

159. Outpatient Services covers most basic expenditures for the Agency's network of health clinics and health points. Certain costs budgeted under this sub-programme are shared by other sub-programmes including MCH and DPC.

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TABLE 7. HEALTH PROGRAMME EXPENDITURES BY ACTIVITY

(Cash and In-Kind, in Thousands of United States Dollars)

	Year				Biennium		Increase	
	Actual 1998	Estimated 1999	Proposed 2000	Proposed 2001	Total 1998-1999	Total 2000-2001	1999 to 2000	1998-1999 to 2000-2001
Medical Care Services								
Laboratory Services	1,290	1,463	1,623	1,632	2,753	3,255		
Outpatient Services	20,216	20,662	17,897	18,427	40,878	36,324		
Maternal & Child Health	1,581	1,930	2,351	2,387	3,511	4,738		
Disease Prevention & Control	22	21	3,009	3,159	43	6,168		
Physical Rehabilitation	201	234	647	659	435	1,306		
Oral Health	1,538	1,571	1,617	1,639	3,109	3,256		
School Health	378	372	468	476	750	944		
Hospital Services	7,138	7,584	7,608	7,629	14,722	15,237		
Sub-Total	**32,364**	**33,837**	**35,220**	**36,008**	**66,201**	**71,228**	**4.1%**	**7.6%**
Environmental Health								
Sewerage & Drainage	152	160	128	128	312	256		
Solid Waste Management	7,845	8,242	9,129	9,263	16,087	18,392		
Water Supply	564	583	575	563	1,147	1,138		
Special Environmental Health Programme	481	557	622	589	1,038	1,211		
Sub-Total	**9,042**	**9,542**	**10,454**	**10,543**	**18,584**	**20,997**	**9.6%**	**13.0%**
Supplementary Feeding	**4,509**	**5,853**	**4,476**	**4,581**	**10,362**	**9,057**	**-23.5%**	**-12.6%**
Programme Management	**2,541**	**2,731**	**3,197**	**3,224**	**5,272**	**6,421**	**17.1%**	**21.8%**
Total Regular Budget	**48,456**	**51,963**	**53,347**	**54,356**	**100,419**	**107,703**	**2.7%**	**7.3%**
Total Project Budget			**13,739**	**15,524**		**29,263**		

TABLE 8. HEALTH PROGRAMME EXPENDITURES BY CATEGORY

(Cash and In-Kind, in Thousands of United States Dollars)

		Actual 1998	Estimated 1999	Proposed 2000	Proposed 2001
Staff	International Staff	338	450	320	325
	Local Staff	27,914	28,404	30,492	31,026
	Sub-Total	**28,252**	**28,854**	**30,812**	**31,351**
Services	Travel	56	89	86	86
	Communication	44	56	58	58
	Transport Services	15	17	18	18
	Training	28	54	84	87
	Miscellaneous Services	1,046	1,006	1,038	1,220
	Consultancy Services	123	83	100	100
	Hospital Services	5,248	6,177	5,802	5,826
	Sub-Total	**6,560**	**7,482**	**7,186**	**7,395**
Supplies	Medical Supplies	6,234	7,426	7,402	7,742
	Transportation Supplies	113	151	118	124
	Clothing Supplies	77	81	99	99
	Library Books	6	6	9	9
	Fresh Food	41	44	44	46
	Miscellaneous Supplies	395	478	520	524
	Basic Commodities	4,389	5,408	4,447	4,552
	Sub-Total	**11,255**	**13,594**	**12,639**	**13,096**
Equipment & Construction	Computer Hard/Software	1	6	71	8
	Equipment & Furniture	408	293	385	270
	Construction	419	100	30	30
	Sub-Total	**828**	**399**	**486**	**308**
Premises	Rental of Premises	124	102	111	114
	Utilities	289	321	315	320
	Maintenance			383	339
	Sub-Total	**413**	**423**	**809**	**773**
Grants & Subsidies		1,246	1,258	1,369	1,387
Other	Reserves	0	11	104	104
	Income & Credits	-98	-58	-58	-58
	Sub-Total	**-98**	**-47**	**46**	**46**
Total Regular Budget		**48,456**	**51,963**	**53,347**	**54,356**
Total Project Budget				**13,739**	**15,524**

6. RELIEF AND SOCIAL SERVICES PROGRAMME

The mission of the Relief and Social Services Programme is to support those Palestine refugees who suffer the greatest socio-economic disadvantage and to facilitate their self-reliance.

A. Policy Orientation

160. The RSS programme follows a policy of developmental social welfare, which entails a re-orientation away from relief and direct service provision and towards service facilitation and promotion of self-reliance among the Palestine refugee community. Interventions of this sort are longer-term in nature and require sustained inputs.

161. Relief services provided by UNRWA – particularly distribution of food rations – symbolize the Agency's continuing role as a lifeline of support for the most impoverished and vulnerable segment of the refugee population. Relief services are provided directly to beneficiaries through UNRWA's network of facilities, with community participation including self-help schemes for improvements to camp infrastructure.

162. Social services provided by UNRWA aim to promote the long-term improvement of the socio-economic status of certain marginalized groups within the refugee community – namely, women, youth, the disabled, and the poor. As most social services are provided by volunteers working through Agency-sponsored community-based organizations (CBOs), community participation is very high.

163. The RSS programme is implemented in close coordination with host authorities to avoid duplication of inputs. Social services in particular are provided in close cooperation with local and international NGOs and other United Nations agencies with similar specializations.

B. Activities

Special Hardship Assistance

164. National poverty rates in UNRWA's area of operations range from 16-39 per cent depending on the Field. Among the Palestine refugee population, who face restrictions on movement and economic activity in certain Fields and one-third of whom live in refugee camps, poverty rates are almost certainly higher. Many families face dire socio-economic conditions and lack the resources to cover basic life essentials.

165. Special Hardship status is the mechanism used by UNRWA to identify the most disadvantaged segment of the refugee population and assess eligibility for relief assistance. Special Hardship Cases (SHCs) are defined as members of families without a male adult medically fit to earn an income and without other identifiable means of financial support sufficient to cover food, shelter and other basic needs.

166. A total of 200,078 persons (51,525 families) are currently enrolled as SHCs Agency-wide, representing 5.5 per cent of the registered refugee population. In view of resource constraints, the number of SHCs is limited by a ceiling which is raised by 3.5 per cent per year to compensate for population growth and deteriorating conditions. The number of beneficiaries is expected to grow to 208,850 in 2001.

167. The three main forms of relief assistance provided to SHCs are food support, shelter rehabilitation, and cash assistance for distressed families. SHCs are also granted preferential access to VTCs and higher hospitalization subsidies, and benefit from the Poverty Alleviation Programme (PAP). Agency social workers are responsible for verifying eligibility for SHC status and assessing need for assistance.

Food Support

168. Food support comprises food rations provided in kind, and a cash subsidy of $40 per person per year for food purchases. The ration consists of flour, rice, sugar, vegetable oil, and milk, plus lentils and chickpeas in the Lebanon Field owing to the difficult conditions facing refugees there. Assistance is calculated to provide a minimum daily intake of 1,800 calories.

Table 9. Beneficiaries of Special Hardship Programme [1]

	Actual	Planned		
	1998	1999	2000	2001
Food Support	188,370	194,963	201,787	208,850
Shelter Rehabilitation	1,326	1,218	1,268	1,313
Cash Assistance	615	NA [2]	2,500	2,500

[1] Food Support figures refer to individual beneficiaries; Shelter Rehabilitation and Cash Assistance figures refer to families.

[2] No funds allocated for 1999.

169. Food support is distributed directly to beneficiaries on a quarterly basis by distribution teams utilizing the 138 UNRWA distribution centres or points, except in the West Bank, where the cash subsidy is disbursed through local banks to ensure security of payment. As food support is provided to all SHCs, the number of beneficiaries is projected to increase by 3.5 per cent per year with the increase in the SHC ceiling (Table 9).

170. All food ration commodities are received as in-kind donations from food aid donors. The Agency maintains close coordination with donors to avoid food stock ruptures and ensure programme sustainability. Donors have already agreed to support food aid requirements for the projected increase in SHCs in 2000.

Shelter Rehabilitation

171. Shelter rehabilitation is aimed at alleviating dire housing needs among SHCs living in refugee camps. Most camp shelters are aging cement-block structures with corrugated metal or plastic roofs and rudimentary kitchen and toilet facilities. Many SHCs live in severely deteriorated shelters which no longer protect against the elements, expose inhabitants to hazardous accidents, and are overcrowded.

172. Interventions may include complete reconstruction of shelters or major/minor renovation. With support from UNRWA technical staff, works are implemented either by local contractors or on self-help basis, whereby the Agency provides building materials and beneficiary families or camp committees organize volunteer labour. To increase community participation and cost-effectiveness, the Agency intends to broaden the self-help approach in 2000-2001.

173. Based on field surveys, UNRWA estimates that 25 per cent of shelters inhabited by SHCs are in need of rehabilitation. The Agency adopts a phased approach to meeting this need by seeking to rehabilitate 2.5 per cent of SHC shelters per year, or a total of 2,581 shelters for the 2000-2001 biennium. All shelter rehabilitation activities will be funded with project contributions.

Cash Assistance for Distressed Families

174. For SHC families living at or near subsistence level, it is a struggle to meet basic needs. Household income is usually not sufficient to cover the cost of necessities such as food, clothing, medicine, etc., while household savings are nonexistent. SHC families are therefore vulnerable to any exigency which might affect the balance of household income and expenditure.

175. To alleviate hardship among SHC families in distress, the Agency provides small ad hoc cash grants for specified expenditures which are deemed essential and which the family cannot afford. These typically include costs associated with one-time emergencies (fire, flood, death of an income-earning family member, collapse of shelter, etc.) and ensuring protection from winter cold.

176. Owing to financial constraints, UNRWA has been unable to provide cash assistance to distressed families since 1997. The Agency will seek to reactivate the programme at a modest level in the 2000-2001 biennium, based on the continuing hardship faced by SHC families and the tangible impact of cash assistance in responding directly to needs on the ground in refugee communities. Budgeted amounts are sufficient to provide average grants of $200 to 2,500 families per year.

Eligibility and Registration

177. Maintaining accurate records on the 3.6 million registered Palestine refugees is essential to UNRWA operations because it determines eligibility for all Agency services. Registration data are routinely referred to in the course of programme management, planning and implementation. Registration records and supporting documentation also constitute an invaluable historical archive on the refugee population.

178. Registration records are based on information voluntarily supplied by refugees and verified by UNRWA. Most of the 20,000-30,000 transactions processed monthly involve updating of records to take into account births,

marriages, deaths, or changes of residence. Some 18,000 registration cards and 4,000 ration cards are also issued each month.

179. All registrations and modifications are backed by supporting documentation, some of which dates to before 1948. Comprising an estimated 25 million documents in all, this material is contained in some 700,000 family files stored in hard copy form at the five UNRWA Field Offices. It is envisaged to expand the Agency's computerized registration system to be able to store the family files in electronic form.

Organizational Development of Community-Based Organizations

180. UNRWA sponsors 131 volunteer community centres for women, the disabled and youth which provide a range of vital services that might otherwise be unavailable in refugee communities. To secure their longer-term viability while promoting community empowerment and local institution-building, the Agency has embarked on an initiative to make the centres financially and managerially self-sustainable.

181. Assistance to CBOs currently includes direct financial support of $1,000-$4,000 per centre per year towards a programme plan and budget; making available premises without charge; providing or arranging training in skills necessary for self-management; assisting in the establishment of managing committees and bye-laws; and limited staff support at certain WPCs. The fact that most managing committees are composed of volunteers means that continuous training inputs are required.

182. For the 2000-2001 biennium, programme strategy emphasizes continuing the process of shifting from direct assistance to institution-building support. Efforts will be focused on increasing the rate of cost coverage from the centres' own activities; making managing committees fully responsible for centre activities; establishing workable bye-laws for centres which lack them; registering centres as voluntary organizations with local authorities; and redeploying staff assigned to WPCs.

Women-in-Development

183. Palestine refugee women and girls are experiencing many of the social transformations associated with development. Unfavourable socio-economic conditions in refugee communities create greater reliance on income earned by women outside the home as well as on domestic production. There are also growing demands for educational, social and recreational opportunities.

184. The Women-in-Development programme aims to enhance the economic status and social development of disadvantaged refugee women, to promote their role in the family and the community, and to strengthen their self-confidence and self-reliance. Services are provided through 70 community-run Women's Programme Centres (WPCs), benefiting some 20,500 persons.

185. Services include skills-training courses, child care, income-generating projects, legal literacy courses, savings and credit groups, lectures and workshops, recreational activities, and counselling and guidance services. In many cases, such services are either unavailable from other service providers, or are available only at prohibitively high cost or at locations inaccessible to women and girls.

Disability Programme

186. The incidence of disability among the Palestine refugee population is estimated at 3.5 per cent, having increased over the last two decades owing to factors such as the civil conflict in Lebanon and the *intifada* in the West Bank and Gaza Strip. Disabled refugees also face problems of accessibility to institutional care and low awareness of disability issues, which may result in their separation from mainstream life.

187. The Disability Programme seeks to enhance the well-being of disabled refugees by developing in-camp community-based rehabilitation services, fostering equalization of opportunities, and encouraging prevention through public awareness activities. Services are provided through 34 Community Rehabilitation Centres and the Rehabilitation Centre for the Visually Impaired (RCVI) in the Gaza Strip, benefiting some 10,200 persons.

188. Services include primary assessment, diagnosis, and evaluation of disability conditions and care strategies; counselling and guidance for families caring for disabled persons; cash subsidies towards institutionalized care, prosthetic devices, and home modifications; occupational therapy, physiotherapy, speech therapy, and audiology services; promotion of mainstreaming opportunities; income-generating projects; and educational, recreational and outreach activities.

189. The RCVI, established in 1962, benefits some 300 visually-impaired persons including more than 100 children. Ongoing rehabilitation activities at the centre include: vocational training, income-generation opportunities, Braille

courses, home visits, outreach services, recreational activities, and summer camps. The centre provides teaching aids to help integrate visually impaired children into mainstream schooling, and assists visually impaired school graduates in finding jobs.

Youth Activities

190. The Youth Activities programme aims to enhance the social development of young Palestine refugees and help them to acquire leadership skills and play a greater role in the development of their communities. The programme benefits some 13,100 young men and women through 27 community-run Youth Activity Centres in the West Bank, the Gaza Strip and Lebanon. Offering a wide range of sports, cultural, educational, recreational and community activities, the centres are in many areas the only facilities catering to the needs of young people.

Poverty Alleviation

191. The PAP aims to support Palestine refugees who suffer the greatest socio-economic disadvantage, to raise their socio-economic status above the poverty line, and to help them become self-reliant. The programme offers grants towards the start-up costs of income-generating projects at CBOs; provides soft and mini loans for refugees at or near the poverty line to start and expand enterprises; sponsors group-guaranteed lending schemes; provides skills training and apprenticeships; and provides carpentry training in the West Bank. The programme benefits some 1,500 persons.

Programme Management

192. The sub-programme covers direct management of all aspects of the RSS Programme at the Headquarters, Field, Area and Camp levels, including planning, monitoring, evaluation, coordination, policy-making and technical guidance.

193. Budget allocations cover the cost of the Director of Relief and Social Services and two Division Chiefs (Relief Services and Social Services) at the Headquarters level, and the offices of the five Chiefs, Field Relief and Social Services and their Deputies, as well as Area and Camp Relief and Social Services Officers, at the Field level.

A summary of RSS Programme goals/objectives/targets for the 2000-2001 biennium is provided in Annex A.

C. Budgetary Comments

194. The RSS budget accounts for 10.2 per cent of the regular budget for the 2000-2001 biennium. Regular budget cash and in-kind allocations are $31.1 million for 2000 and $31.4 million for 2001.

195. The major regular budget expenditures for the RSS Programme are as follows (figures for fiscal year 2000):

- $21.9 million in food support distributed quarterly to SHCs, including $13.8 million for food commodities and $8.1 million for cash subsidies.
- $3.0 million for 269 social workers engaged in SHC assistance and community development activities and 100 members of ration distribution teams.
- $1.0 million for 116 eligibility and registration staff responsible for maintaining and updating records on 3.6 million registered refugees.
- $0.8 million in direct cash subsidies to CBOs against approved budgets.
- $0.5 million in direct cash assistance to distressed families.

These costs alone account for 87 per cent of regular budget allocations for the RSS Programme.

196. Regular budget allocations for the RSS Programme show an increase of 2.6 per cent ($0.8 million) between 1999 and 2000. The main reasons for this increase are as follows:

- Reinstatement of the allocation for cash assistance to distressed families, previously reduced as an austerity measure, to be able to respond to immediate needs of the refugee community ($0.5 million).
- Attribution of maintenance and information systems costs to the RSS programme rather than budgeting them centrally as per previous practice ($0.2 million).
- Annual salary increments for present UNRWA staff, which increase staff costs by 2 per cent per year ($0.1 million).

197. Cost-effectiveness and cost containment within the RSS Programme are achieved through the following strategies:

- Maintaining strong coordination with SHC food aid donors to ensure that all commodities are obtained through in-kind donations without recourse to cash purchases.

- Promoting institution-building and enhancing community participation in Social Services to increase the self-reliance of UNRWA-sponsored CBOs.

- Redeploying human resources from direct participation in CBO activities towards capacity-building inputs to increase self-sustainability.

- Enforcing strict eligibility criteria for SHC assistance with a view to ensuring that assistance is provided in a rationalized manner where needed most.

198. Over and above regular budget allocations, the project budget includes $24.4 million in projects for the RSS Programme during the 2000-2001 biennium, including:

- Shelter rehabilitation for SHCs ($17.0 million).

- Upgrading of computer systems, including redesign of the Field Registration System to avoid system breakdown ($0.3 million) and development and implementation of a family files archiving system ($6.4 million).

- Other activities including human resource development ($0.7 million).

  Achieving programme goals and objectives for 2000-2001 will be contingent upon receipt of project funding for the above activities.

199. In the context of budgetary reform, certain costs relating to the RSS Programme have been reattributed so that budget allocations more accurately reflect the cost of programme activities. Such changes include:

- Attribution of the cost of social workers from Programme Management to Relief Services and Social Services ($1.9 million). This accounts for the large apparent increase in allocations for those activities between 1999 and 2000 and the concomitant decrease in Programme Management allocations.

- Attribution of maintenance and information systems costs to the RSS programme rather than budgeting them centrally as per previous practice ($0.2 million).

200. In-kind allocations represent 44 per cent of regular budget allocations for the RSS Programme in 2000 ($13.8 million). The in-kind portion consists mainly of commodities received from food aid donors on which the SHC programme will continue to rely in the 2000-2001 biennium.

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TABLE 10. RELIEF AND SOCIAL SERVICES PROGRAMME EXPENDITURES BY ACTIVITY

(Cash and In-Kind, in Thousands of United States Dollars)

	Year				Biennium		Increase	
	Actual 1998	Estimated 1999	Proposed 2000	Proposed 2001	Total 1998-1999	Total 2000-2001	1999 to 2000	1998-1999 to 2000-2001
Relief Services								
Special Hardship Assistance	23,444	23,530	25,738	26,021	46,974	51,759		
Eligibility & Registration	1,086	1,038	1,067	1,077	2,124	2,144		
Sub-Total	**24,530**	**24,568**	**26,805**	**27,098**	**49,098**	**53,903**	**9.1%**	**9.8%**
Social Services								
Organizational Development of CBOs	247	206	536	576	453	1,112		
Women-in-Development	664	693	644	619	1,357	1,263		
Disability Programme	674	784	829	825	1,458	1,654		
Youth Activities	113	123	138	139	236	277		
Poverty Alleviation	534	594	655	665	1,128	1,320		
Sub-Total	**2,232**	**2,400**	**2,802**	**2,824**	**4,632**	**5,626**	**16.8%**	**21.5%**
Programme Management	**3,285**	**3,336**	**1,470**	**1,443**	**6,621**	**2,913**	**-55.9%**	**-56.0%**
Total Regular Budget	**30,047**	**30,304**	**31,077**	**31,365**	**60,351**	**62,442**	**2.6%**	**3.5%**
Total Project Budget			**10,398**	**14,026**		**24,424**		

TABLE 11. RELIEF AND SOCIAL SERVICES PROGRAMME EXPENDITURES BY CATEGORY

(Cash and In-Kind, in Thousands of United States Dollars)

		Actual 1998	Estimated 1999	Proposed 2000	Proposed 2001
Staff	International Staff	360	196	316	320
	Local Staff	5,401	5,879	5,967	6,102
	Sub-Total	**5,761**	**6,075**	**6,283**	**6,422**
Services	Travel	53	95	86	85
	Communication	5	6	17	16
	Transport Services	7	12	9	9
	Training	36	63	68	66
	Miscellaneous Services	220	263	202	202
	Consultancy Services	12	30	36	36
	Sub-Total	**333**	**469**	**418**	**414**
Supplies	Clothing Supplies	6	38	8	8
	Library Books	3	4	7	7
	Fresh Food	2	2	3	3
	Miscellaneous Supplies	147	115	143	143
	Basic Commodities	13,687	13,728	13,747	13,755
	Sub-Total	**13,845**	**13,887**	**13,908**	**13,916**
Equipment & Construction	Computer Hard/Software	78	9	49	17
	Equipment & Furniture	40	85	66	27
	Construction	363	408	107	30
	Sub-Total	**481**	**502**	**222**	**74**
Premises	Rental of Premises	96	124	117	117
	Utilities	13	12	17	17
	Maintenance			123	121
	Sub-Total	**109**	**136**	**257**	**255**
Subsidies	Construction Subsidies	1,212	583	527	534
	Other Subsidies	8,306	8,637	9,402	9,690
	Sub-Total	**9,518**	**9,220**	**9,929**	**10,224**
Other	Reserves	0	21	60	60
	Income & Credits	0	-6	0	0
	Sub-Total	**0**	**15**	**60**	**60**
Total Regular Budget		**30,047**	**30,304**	**31,077**	**31,365**
Total Project Budget		**0**	**0**	**10,398**	**14,026**

7. INCOME-GENERATION PROGRAMME

The mission of the Income-Generation Programme in the West Bank and Gaza Strip is to improve the quality of life of small and micro-entrepreneurs, sustain jobs, decrease unemployment and provide income-generating opportunities to poor men and women through the provision of credit.

A. Policy Orientation

201. The IGP strives to maintain the best practices of the microfinance industry by adhering to the standards established for the industry *inter alia* by the Consultative Group for Assistance to the Poor, the United States Agency for International Development, the Microfinance Network, Calmeadow Foundation and Accion International. The programme attempts to achieve international standards of efficiency and outreach in a way that provides cost-effective services to clients in a sustainable manner.

B. Activities

Small-Scale Enterprise Credit

202. There are some 7,053 small enterprises in the West Bank and Gaza Strip employing 5-99 workers each.[1] Because banks in the West Bank and Gaza Strip provide few business loans and do not yet play a major role in small enterprise funding, these enterprises face difficulty obtaining access to the capital they need to expand their businesses and accommodate short-term pressure on cash flows.

203. The Small-Scale Enterprise (SSE) programme aims to create employment and economic opportunities for Palestine refugees by promoting the development of small-scale enterprises through the provision of working capital and capital investment loans. In 1998, the programme provided a total of $1.7 million in loans at commercial interest rates to 145 enterprises, over 80 per cent of which were refugee-owned. Loans ranged from $3,000 to $70,000.

204. Loans are funded from two separate revolving loan funds, with capital bases of $7.9 million in the Gaza Strip and $1.7 million in the West Bank. While the Gaza fund is sufficient to sustain the portfolio and meet current market demand, the Agency will seek to expand the West Bank fund with project funding during the 2000-2001 biennium to address unmet demand.

205. The repayment rate over the life of the programme is 94.8 per cent. Based on the high recovery rate and large capital base, SSE programme is considered the most successful non-profit credit programme in the Palestinian territories, and one of the three most successful in the Middle East. The 421 businesses with current loans outstanding employ 1,149 workers who support 3,600 dependants.

Small and Micro-Enterprise Training (Gaza)

206. Over 90 per cent of enterprises in the Gaza Strip employ fewer than five persons, and 83 per cent are sole proprietorships. While there is great demand to develop skills in business planning, finance, production, marketing and sales management, opportunities have been limited because business training is viewed as secondary by many training institutions.

207. The Small and Micro-Enterprise Training (SMET) programme aims to contribute to employment-generation and the economic development of the Gaza Strip by providing business training, through project funding, to support small businesses and encourage entrepreneurship. It is the only programme in the Gaza Strip to deliver a standard range of business training courses on a continuous basis.

[1] Palestinian Central Bureau of Statistics, *Population, Housing and Establishment Census 1997 Final Results Establishments Report*, 1998.

Table 12. Beneficiaries of IGP Activities

	Actual	Planned		
	1998	1999	2000	2001
Small-Scale Enterprise Loans	145	170	300	300
Small and Micro-Enterprise Training	619	1,057	1,950	2,700
Micro-Enterprise Credit Loans	4,224	5,870	9,000	12,000
Solidarity-Group Lending Programme Loans	2,916	3,000	3,600	3,600

208. Courses offered include three full-fledged business training courses on entrepreneurship topics (40-60 hours); 27 short courses on specialized business topics (15-21 hours); and 2-day business awareness workshops targeting new graduates, the unemployed, and women entrepreneurs. In 1998, the programme conducted 41 courses and workshops which attracted 619 participants. Course fees cover 31-100 per cent of the cost of each course.

Micro-Enterprise Credit

209. High levels of poverty, unemployment and underemployment are persistent problems among the Palestine refugee community in the West Bank and Gaza Strip. Despite being the largest component of the Palestinian economy, micro-enterprises with fewer than five workers are unable to obtain credit from the banking sector to expand their business activity.

210. The Micro-Enterprise Credit (MEC) programme seeks to fill this gap by generating investment in the micro-enterprise sector and encouraging its growth and development, as a means to reduce poverty and unemployment. It is the only credit programme in the West Bank and Gaza Strip with a substantial loan portfolio in the micro-enterprise sector.

211. In 1998, the MEC programme provided 4,224 loans ranging from $1,000 to $8,000, with a total value of $4.26 million. Repayment rates have remained high, at 97 per cent in the Gaza Strip and 95 per cent in the West Bank. In terms of outreach and repayment rate, the MEC programme has outperformed all competitors in both the Gaza Strip and the West Bank.

212. Loans are extended only to individual business owners for working capital purposes, and are guaranteed through post-dated cheques and notarial deeds. All borrowers are charged commercial interest rates. The programme utilizes a graduated-lending methodology through which borrowers are provided repeat loans of higher value if they repay previous loans on time. Loans are funded from two separate revolving loan funds, with capital bases of $4.0 million in the Gaza Strip and $0.5 million in the West Bank.

213. In the Gaza Strip, the programme has established an efficient outreach capacity of 300-400 loans per month and sufficient lending and monitoring capability. In the West Bank, where market demand for credit far exceeds programme capacity, the Agency is focusing on expanding coverage beyond the Nablus area and increasing the volume of loans.

Solidarity-Group Lending Programme

214. The number of Palestinian women working in the informal sector of the Gaza Strip economy has grown dramatically in recent years. Deteriorating socio-economic conditions have forced many women from the poorest and most marginal sectors of society into income-generating activities to support their families. There are increasing numbers of women street peddlers, itinerant traders, small shopkeepers and home-workers, the majority of whom work informally and sustain large numbers of dependents.

215. The Solidarity-Group Lending Programme (SGLP) provides credit to women micro-enterprise owners with a view to empowering women economically through employment creation and generation of income to support their families. In 1998, the programme provided 2,916 working capital loans at commercial interest rates with a value of $2.4 million. Established in 1994, the SGLP is the oldest and largest credit programme for women in the West Bank and Gaza Strip.

216. The programme employs a group-guarantee system and graduated-lending methodology. Loans are granted to individual women enterprise-owners who organize themselves into solidarity groups of 4-10 members; access to credit can only be obtained through membership in such a group. As long as all women in a group meet their payments on time, each individual member is eligible for new loans of higher value. The loan ceiling begins at $400 and rises in successive loan cycles.

217. The SGLP has attained an annual repayment rate since its inception of 99.6 per cent. This rate is the highest of any such programme in the West Bank and Gaza Strip and compares favourably with the best micro-credit programmes world-wide. While the SGLP has outperformed all competitors in the area, growth has been slowed by the emergence of new programmes which offer subsidized credit to women.

Programme Management

218. This item covers the cost of programme management, finance and accounts, legal, management information, and administrative services for the IGP.

A summary of IGP goals/objectives/targets for the 2000-2001 biennium is provided in Annex A.

C. Budgetary Comments

219. The IGP is entirely self-sustaining and does not encumber the GF. All recurrent costs of the SSE, MEC, and SGLP programmes, as well as Programme Management, are funded from the programme's credit activities. The SMET is funded entirely through project contributions.

220. Because the capital base from which the IGP funds its activities was established with project contributions, the entire programme is considered for budget purposes as a self-funded project. Thus, IGP running costs appear under the project budget rather than the regular budget. This is the only exception to the general rule that the project budget comprises unfunded, non-recurrent activities.

221. The IGP budget, including both recurrent expenditure and unfunded project activities, accounts for 1 per cent of total budget volume for the 2000-2001 biennium. Recurrent expenditure is budgeted at $1.5 million in 2000 and $2.0 million in 2001. Staff costs are the major programme expenditure.

222. Budget allocations for the IGP show an increase of 20.4 cent ($0.3 million) between 1999 and 2000. The increase results from the establishment of 19 additional posts ($0.2 million) and increases in various non-staff costs ($0.1 million) mainly in connection with the establishment of a new MEC branch office in Hebron and the expansion of the Gaza, Jenin and Tulkarem offices. These changes are necessary to increase the loan output of the IGP to meet market demand, especially in the West Bank.

223. In addition to the above-mentioned recurrent costs, the project budget includes $4.0 million in IGP projects for the 2000-2001 biennium, including:

- Expansion of the MEC programme ($1.7 million).
- Small and Micro-Enterprise Training activities ($0.7 million).
- Expansion of the Small-Scale Enterprise Programme ($1.6 million).

Achieving programme goals and objectives for 2000-2001 will be contingent upon receipt of project funding for the above activities.

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TABLE 13. INCOME-GENERATION PROGRAMME EXPENDITURES BY ACTIVITY

(Cash and In-Kind, in Thousands of United States Dollars)

	Year				Biennium		Increase	
	Actual 1998	Estimated 1999	Proposed 2000	Proposed 2001	Total 1998-1999	Total 2000-2001	1999 to 2000	1998-1999 to 2000-2001
Total Recurrent Projects [1]	1,335	1,279	1,539	1,976	2,614	3,515	20.3%	34.5%
Total Unfunded Projects [2]			2,009	2,009		4,018		

TABLE 14. INCOME-GENERATION PROGRAMME EXPENDITURES BY CATEGORY

(Cash and In-Kind, in Thousands of United States Dollars)

		Actual 1998	Estimated 1999	Proposed 2000	Proposed 2001
Staff	International Staff	156	143	147	150
	Local Staff	950	918	1,133	1,582
	Sub-Total	**1,106**	**1,061**	**1,280**	**1,732**
Services	Travel	23	22	24	24
	Communication	1	14	10	10
	Transport Services	1	4	9	9
	Training	32	40	18	18
	Miscellaneous Services	25	15	20	20
	Consultancy Services	9	23	25	25
	Sub-Total	**91**	**118**	**106**	**106**
Supplies	Transportation Supplies	0	0	9	9
	Library Books	1	3	1	1
	Miscellaneous Supplies	14	15	28	28
	Sub-Total	**15**	**18**	**38**	**38**
Equipment & Construction	Computer Hard/Software	0	0	12	0
	Equipment & Furniture	7	6	6	3
	Construction	3	0	0	0
	Sub-Total	**7**	**6**	**18**	**3**
Premises	Rental of Premises	115	70	77	77
	Utilities	1	6	7	7
	Maintenance	0	0	13	13
	Sub-Total	**116**	**76**	**97**	**97**
Total Recurrent Projects [1]		**1,335**	**1,279**	**1,539**	**1,976**
Total Unfunded Projects [2]				**2,009**	**2,009**

1. The recurrent portion of the IGP budget funded from the programme's own credit activities.

2. Additional project funding required to expand the capital base of the MEC and SSE programmes and for SMET activities.

8. OPERATIONAL SERVICES

A. Activities

Supply and Transport Services

224. The Supply Division at the Headquarters level and the five Field Supply and Transport Offices are responsible for the administration and management of the supply, transport, warehousing, distribution and insurance functions as well as centralized and local procurement of goods and services in support of all Agency programmes.

225. The Agency's fleet of 760 vehicles logs approximately 4.6 million kilometers per year, with maintenance provided at five Field motor transport workshops. Some 50,000 metric tonnes of goods are handled annually. The vehicle fleet is used for the general transport of commodities and cargo, including in connection with SHC ration distribution and solid waste management. It also provides passenger transport services required by the Agency's substantive programmes, including home-office transport of staff against fees, duty travel within the area of operations, home-VTC transport for Gaza trainees, school inspection visits, transport of patients, etc.

226. Supply Division is responsible for procurement of all goods and supplies required by the Agency's substantive programmes, including basic commodities for the Special Hardship and Supplementary Feeding programmes, medical supplies, textbooks, school/training supplies, as well as other consumable supplies, equipment, construction material, spare parts, etc. Procurement at the Headquarters and Field levels exceeded $45 million in value in 1998 and was handled through 5,756 purchase orders. Included under Supply and Transport Services are the costs of the Agency's three main insurance contracts (fire, third-party vehicle, and marine cargo).

227. The Supply and Transport Services budget is divided into eight sub-activities as follows:

- Supply Warehousing: Covers costs of storing supplies in the 35 UNRWA warehouses, including staff and other operating costs associated with the inspection, receipt and issue of supplies.
- Vehicle Maintenance: Covers costs of maintaining the Agency's vehicle fleet, including staff and other operating costs associated with the five motor transport workshops as well as outside services.
- Passenger Transport: Covers operating costs other than maintenance of Agency vehicles used principally for transport of passengers (staff, patients, trainees, etc.), as well as hired transport in cases where Agency transport is not available.
- Freight Transport: Covers operating costs other than maintenance of Agency vehicles used principally for freight transport, including sewage and water tankers, as well as hired transport in cases where Agency transport is not available.
- Port Operations: Covers costs of unloading and receipt of goods, their clearance through customs, and storage at sea ports, airports and land frontiers in UNRWA's area of operations.
- Reality System: Covers operating costs of the Agency's computerized supply system (Reality), including annual maintenance costs and system upgrades.
- Provision for Price Increases: A reserve to safeguard against unforeseen increases in the price of goods to be procured above the level budgeted for.
- Supply and Transport Administration: Covers costs of administration of supply and transport services at the Headquarters, Field and Area levels, including the offices of Chief, Supply Division and Field Supply and Transport Officers. The costs of vehicle movement control, procurement and stock control, and insurance administration are included.

Technical Services

228. The Technical Office at the Headquarters and Field levels provides architectural, engineering and maintenance services to ensure that the Agency has the appropriate accommodation and infrastructure to deliver its programmes and services. The office is responsible for the

design of all newly-constructed Agency facilities, supervision of construction projects, and maintenance of existing premises.

229. The Headquarters level establishes technical standards, provides technical advice and monitors implementation, while the Field level is responsible for implementing tender procedures, awarding contracts, and administering and managing all construction and maintenance contracts, including financial and quality control.

230. In 1998, the Technical Office handled 89 construction projects valued at $11 million, including 20 large shelter rehabilitation projects in the Gaza Strip. All design work and tender documentation for those projects were prepared by three design units at Headquarters and in the West Bank and Gaza Fields, as well as shelter rehabilitation units in Gaza. Routine and contingency maintenance valued at $1.5 million was also executed in 1998, involving 109 contracts.

B. Budgetary Comments

231. The Operational Services budget accounts for 5.0 per cent of the regular budget for the 2000-2001 biennium. Regular budget cash and in-kind allocations are $15.3 million for 2000 and $15.2 million for 2001.

232. The major regular budget expenditures for Operational Services are as follows (figures for fiscal year 2000):

- $11.4 million for 19 International and 1,021 Area staff involved in all aspects of Operational Services activities including procurement officers, warehouse personnel, drivers, mechanics, engineers, architects, draughtsmen, etc.

- $2.0 million for non-staff costs associated with the Agency's vehicle fleet, including $1.3 million for fuel and spare parts and $0.7 million for replacement vehicles.

- $1.8 million for hired freight transport services and fees to customs clearance agents.

233. Regular budget allocations for Operational Services show a decrease of 8.1 per cent ($1.3 million) between 1999 and 2000. This decrease reflects the reallocation of the entire Agency-wide maintenance budget of $3.6 million to benefiting programmes, rather than budgeting it centrally under Technical Services as per previous practice. This reallocation is the only modification made to the Operational Services budget in the context of budgetary reform.

234. Taking this factor into account, regular budget allocations for Operational Services show an increase of 13.6 per cent ($2.3 million) between 1999 and 2000. The main reasons for this increase are as follows:

- Increase in the Agency-wide maintenance budget, previously reduced as an austerity measure, to ensure that UNRWA premises do not deteriorate beyond the point of economical repair ($1.0 million).

- Increase in allocations for supply and transport services, previously reduced as an austerity measure, to prevent further qualitative deterioration and adjust for rising costs ($0.8 million).

- Increase in allocations for Technical Office, previously reduced as an austerity measure, for equipment maintenance, consultancy services and computer equipment ($0.3 million).

- Annual salary increments for present UNRWA staff, which increase staff costs by 2 per cent per year ($0.2 million).

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TABLE 15. OPERATIONAL SERVICES EXPENDITURES BY ACTIVITY

(Cash and In-Kind, in Thousands of United States Dollars)

	Year				Biennium		Increase	
	Actual 1998	Estimated 1999	Proposed 2000	Proposed 2001	Total 1998-1999	Total 2000-2001	1999 to 2000	1998-1999 to 2000-2001
Supply & Transport Services								
Supply Warehousing	1,910	2,007	2,089	2,119	3,917	4,208		
Vehicle Maintenance	969	1,041	1,067	1,082	2,010	2,149		
Passenger Transport	3,597	3,606	3,858	3,741	7,203	7,599		
Freight Transport	1,441	1,777	1,860	1,887	3,218	3,747		
Port Operations	78	243	287	400	321	687		
Reality System	105	164	221	183	269	404		
Provision for Price Increases	0	0	250	250	0	500		
Supply & Transport Administration	2,503	2,567	2,631	2,606	5,070	5,237		
Sub-Total	**10,603**	**11,405**	**12,263**	**12,268**	**22,008**	**24,531**	**7.5%**	**11.5%**
Technical Services	**4,803**	**5,188**	**2,992**	**2,937**	**9,991**	**5,929**	**-42.3%**	**-40.7%**
Total Regular Budget	**15,406**	**16,593**	**15,255**	**15,205**	**31,999**	**10,460**	**-8.1%**	**-4.8%**
Total Project Budget			**0**	**0**		**0**		

TABLE 16. OPERATIONAL SERVICES EXPENDITURES BY CATEGORY

(Cash and In-Kind, in Thousands of United States Dollars)

		Actual 1998	Estimated 1999	Proposed 2000	Proposed 2001
Staff	International Staff	2,551	2,206	2,108	2,137
	Local Staff	8,758	8,941	9,267	9,425
	Sub-Total	**11,309**	**11,147**	**11,375**	**11,562**
Services	Travel	67	109	103	101
	Communication	16	17	38	38
	Transport Services	884	1,090	1,786	1,916
	Training	10	28	56	44
	Miscellaneous Services	453	519	549	587
	Consultancy Services	55	88	107	84
	Sub-Total	**1,485**	**1,851**	**2,639**	**2,770**
Supplies	Transportation Supplies	1,117	1,289	1,318	1,349
	Clothing Supplies	5	4	8	8
	Textbooks & Library Books	3	7	7	6
	Miscellaneous Supplies	438	460	185	186
	Sub-Total	**1,563**	**1,760**	**1,518**	**1,549**
Equipment & Construction	Computer Hard/Software	78	83	171	48
	Equipment & Furniture	147	98	97	80
	Transport Equipment	492	843	748	556
	Construction	39	494	44	0
	Sub-Total	**756**	**1,518**	**1,060**	**684**
Premises	Rental of Premises	23	19	31	31
	Utilities	43	57	48	48
	Maintenance	2,096	2,833	197	182
	Sub-Total	**2,162**	**2,909**	**276**	**261**
Subsidies		**3**	**3**	**0**	**0**
Other	Reserves	0	317	250	250
	Income & Credits	-1,872	-2,912	-1,863	-1,871
	Sub-Total	**-1,872**	**-2,595**	**-1,613**	**-1,621**
Total Regular Budget		**15,406**	**16,593**	**15,255**	**15,205**
Total Project Budget		**0**	**0**	**0**	**0**

9. COMMON SERVICES

A. Activities

General Management

235. The General Management budget is composed of the following 12 items:

- Office of the Commissioner-General: Under United Nations General Assembly resolution 302(IV) of 8 December 1949, which established UNRWA, the Commissioner-General is the chief executive officer of the Agency, responsible for the overall management of its operations and services for 3.6 million registered Palestine refugees.

- Legal Services: The Department of Legal Affairs provides legal advice to the Commissioner-General and all Programmes, Departments and Field Offices on all matters affecting the Agency including host country agreements, legal rights and obligations, the Agency's status and privileges and immunities, contracts and the interpretation of staff and financial rules and regulations. Annually, the Department issues some 330 legal opinions; reviews some 200 contracts, 100 appeals and 50 staff-related claims; and processes payments for some 500 claimants for the UN Compensation Commission. The Department provides substantive and administrative support to the Headquarters Contracts Committee.

- Audit Services: The Audit Office provides an independent oversight function which examines and evaluates financial accounts and internal control systems and conducts investigations into the security and protection of Agency assets. During the 2000-2001 biennium, the office will conduct some 25 assignments per year using a risk management approach, as well as handling eight visits by the UN Board of Auditors to Headquarters and Field locations.

- External Relations and Projects: The External Relations Office is responsible for mobilizing resources for UNRWA and advocating the role of the Agency with the international community. It is the focal point for the Agency's relations with 83 donors, including contributions monitoring and reporting; projects monitoring, reporting, and proposal-writing for a portfolio of some 260 projects; routine queries, meetings and visits by donors, etc. It is also responsible for servicing major meetings with donors and host authorities and meetings of the Advisory Commission.

- Public Information: The Public Information Office at the Headquarters and Field levels is responsible for handling the Agency's relations with the media and providing information to the general public. Activities include responding to routine informational queries, issuing press releases (10-20 per year), producing public information documents (12 per year), arranging visits to refugee camps and Agency operations (6-20 per month), providing internal translation (60 documents per month) and photography services, producing daily press reviews, arranging press interviews, and maintaining UNRWA's Web site and audio-visual archives.

- Policy Analysis Unit: The Policy Analysis Unit was established in June 1998 to assist the Agency in making informed and appropriate decisions through research and analysis on policy-related matters and assistance in the development and elaboration of policies. Outputs in the first year include eight papers/briefings and support to three policy-related initiatives.

- New York Liaison Office: The New York Liaison Office handles representational and liaison functions in connection with UNRWA's relations with the United Nations in New York, including participation in approximately 70 meetings/sessions per year, liaison with UN offices on routine matters, handling approximately 50 informational queries per month, facilitating production of the Commissioner-General's annual report, and monitoring of UN activities relevant to UNRWA.

- Field Office Administration: This item covers the management and general administration of the five UNRWA Field Offices in Jordan, Lebanon, the Syrian Arab Republic, the West Bank and the Gaza Strip. The costs of Field Directors, Deputy Field Directors, Field

Administration Officers, their support staff and related costs are budgeted here.

- Area Administration: This item covers general administration of the 17 Area Offices Agency-wide. At the area level, Area Officers represent Field Directors, serve as administrative heads of operations, monitor programme implementation and developments in the area, and coordinate the work of programme and other specialized staff.

- Camp Services Administration: This item covers general administration of the 46 Camp Services Offices Agency-wide. At the refugee camp level, Camp Services Officers represent Field Directors, monitor programme implementation and local developments, provide administrative and coordinating support to heads of UNRWA installations, and maintain records on camp shelters and their inhabitants.

- Protective Services: This item covers the cost of ensuring the security of Agency premises (schools, health centres, Headquarters/Field Office compounds, etc.). The major cost is staff costs for guards.

- Other Costs: This item includes the cost of the UNRWA office in Cairo, the payroll unit in Vienna, and radio rooms and Field Legal Officers in the West Bank and Gaza Strip.

Administration

236. The Administration budget is composed of the following four items:

- Human Resources: This item covers the personnel function performed by the Department of Administration and Human Resources at the Headquarters and Field levels, including recruitment and appointment of staff, performance appraisal, administration of benefits, staff development and training, occupational classification, administration of pay and allowance systems, formulation and implementation of personnel policies and procedures, handling of staff appeals, staff rotation, etc. These functions relate to the Agency's 22,000 Area staff and 108 International staff.

- Administrative Services: This item covers all direct costs of providing general office support and operating premises at the two Headquarters locations and five Field Offices, including buildings management, mail/pouch/courier services, travel, communications, security coordination, registry and document services, etc.

- Finance Services: The Finance Department at the Headquarters and Field levels is responsible for financial operations of the Agency including preparing and controlling the budget, maintaining and publishing accounts, and receiving, safeguarding and disbursing all monies. The costs of Budget Division, Accounts Division, and Treasury, as well as Field Finance Offices and Area Office finance staff, are budgeted here. Major activities include handling some 26,000 cash payment vouchers, 3,700 cash receipt vouchers, 6,000 journal vouchers, 4,000 payment inquiries, and 4,000 payment transactions.

- Information Systems: The Information Systems Office at the Headquarters and Field levels is responsible for all aspects of the Agency's information technology infrastructure including computers, networks and telecommunications; their use for storage, retrieval, computation, analysis and exchange of information; and development, support and maintenance of major computer applications such as payroll, Provident Fund, financial, procurement, refugee registration, and other critical Agency systems. The office provides support for the 2,600 personal computers, printers and servers Agency-wide, as well as 700 users of specialized software and 1,200 e-mail users. Help desks respond to over 28,000 calls annually.

General Reserves

237. The Common Services budget contains two reserves applicable to the Agency as a whole. The provision to build up working capital of $7 million per year is needed to restore normalcy to the Agency's financial situation. Defined as net assets minus net liabilities at the close of each fiscal year, working capital represents the extent of the Agency's operational reserves which can be used to meet regular budget deficits and cash flow shortages. Working capital has been severely depleted by successive funding shortfalls in previous years, and is expected to reach negative $10 million at the end of 1999. The annual provision would raise working capital to an adequate level of $25 million over a five-year period.

238. The contingency reserve of $5.0 million in 2000 represents a provision of 1.4 per cent of total budget volume to cover unforeseen expenditure such as emergencies in the area of operations or possible salary increases owing to revision of host authority salary scales, on which Area staff salary scales are based. Such

expenditure, if incurred, would be allocated to programme activities. The reserve rises to $9.0 million in 2001, on the conservative assumption that an increase in recurrent expenditure in 2000 (e.g. a salary increase) would have to be carried over into 2001. Previous UNRWA budgets have included identical contingency reserves.

239. Beginning in 1996, the regular budget has included a provision for funds to be set aside towards payment of an estimated $127 million in termination indemnities payable to Area staff upon the eventual dissolution of UNRWA. The provision was budgeted at $12.7 million per year in the 1996-1997 budget and $12.1 million per year in the 1997-1998 budget. The most recent estimate of the total liability is $145 million.

240. Owing to the critical financial situation of UNRWA during this period, the termination indemnities provision has not to date been funded, and this non-funding has been counted as part of the austerity measures taken to reconcile expenditure with income. The provision has therefore served to distort the relationship between budget figures and actual expenditure on programme activities.

241. In the context of budget reform, the Agency has removed the termination indemnities provision from the 2000-2001 regular budget on the understanding that the modalities of paying the legal liability will be dealt with at a later stage, when the circumstances surrounding the actual event become apparent.

B. Budgetary Comments

242. Regular budget cash and in-kind allocations for Common Services are $39.5 million for 2000 and $42.8 million for 2001. The major regular budget costs under Common Services are as follows (figures for fiscal year 2000):

- $20.9 million for 77 International and 1,067 Area staff involved in all aspects of Common Services activities.
- $7.0 million for the provision to build up the Agency's working capital to an adequate level.
- $5.0 million for general reserves to cover unforeseen expenditure including possible salary increases.
- $3.8 million for miscellaneous services covering expenditure items such as communications, travel, training, etc.
- $1.1 million for computer hardware and software and other office furniture and equipment.
- $0.6 million for maintenance of premises.

243. Common Services expenditure figures for 1998 and 1999 are not comparable with budget figures for 2000 and 2001 because of the working capital and general reserves, which are included in the 2000-2001 budget but not in 1998-1999 estimated expenditure. Although a general reserve was included in the 1998-1999 budget, it was cut as an austerity measure and hence does not appear in expenditure for that period. The working capital reserve is a new addition in the 2000-2001 budget.

244. Excluding reserves, regular budget allocations for Common Services show an increase of 9.3 per cent ($2.3 million) between 1999 and 2000. The main reasons for this increase are as follows:

- Attribution of maintenance costs to Common Services activities rather than budgeting them under Technical Services as per previous practice ($0.6 million).
- Completion of the project to transfer the payroll unit from Vienna to the area of operations, which will produce offsetting savings by lowering staff costs ($0.5 million).
- Completion of the project to install a satellite wide area network system linking the five Field Offices and two Headquarters locations, which will produce offsetting savings by lowering communications costs ($0.5 million).
- Miscellaneous increases in various line items ($0.5 million).
- Annual salary increments for present UNRWA staff, which increase staff costs by 2 per cent per year ($0.2 million).

C. Share of Common Costs

245. Traditionally, UNRWA has divided expenditure not directly attributable to programmes into two categories: Operational Services, which represent support functions integral to programme implementation on the ground, such as supply, transport, architecture and engineering; and Common Services, which represent support functions according to the more common definition, such as administration, human resources, finance, legal, audit, etc.

246. Both Operational and Common services are support functions essential to programme activities and the functioning of the Agency as a whole. The distinction between them relates to the operational character of UNRWA's activities, which involve significant logistical and infrastructural components. The extent of Operational Services activities also varies directly with the volume of programme activities, in contrast to Common Services.

247. While Operational Services would ideally be charged directly to programmes, past practice of the Agency as well as limitations of the finance system make such cost attribution impracticable at present. For the 2000-2001 budget, it was nevertheless possible to attribute maintenance costs to programme activities. Annex E provides an estimate based on usage rates of how Operational and Common services would be attributed to the regular budget portion of programme activities.

248. In assessing the percentage share of common costs, it is necessary to compare those costs to the Agency's total budget volume, and not just the portion included in the regular budget. As has been made clear throughout this document, project-funded activities are an integral part of the Agency's programme activities and represent a significant proportion of total income and expenditure. Moreover, the support functions in question not only serve activities funded out of the regular budget but also project-funded activities.

249. The Common Services budget of $83.1 million nominally accounts for 11.3 per cent of total budget volume for the 2000-2001 biennium. Such a calculation is misleading, however, in that the Common Services budget includes reserves and other items directly allocable to programmes. These are as follows:

- $14.0 million for the working capital provision.
- $14.0 million for the general reserve to cover unforeseen expenditure.
- $4.4 million for guards at Agency installations (Protective Services), which are part of the recurrent cost of programmes.

250. Taking these factors into account, the adjusted Common Services budget is therefore $50.7 million for the 2000-2001 biennium, which accounts for 6.9 per cent of total budget volume. For its part, the Operational Services budget is $30.5 million for the 2000-2001 biennium, which accounts for 4.1 per cent of total budget volume. The combined share of Operational and Common Services in total budget volume for the biennium is therefore 11.0 per cent.

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TABLE 17. COMMON SERVICES EXPENDITURES BY ACTIVITY

(Cash and In-Kind, in Thousands of United States Dollars)

	Year				Biennium		Increase	
	Actual 1998	Estimated 1999	Proposed 2000	Proposed 2001	Total 1998-1999	Total 2000-2001	1999 to 2000	1998-1999 to 2000-2001
General Management								
Office of the Commissioner-General	1,355	1,330	1,339	1,350	2,685	2,689		
Legal Services	961	1,208	1,212	1,209	2,169	2,421		
Audit Services	826	860	898	902	1,686	1,800		
External Relations & Projects	946	963	1,010	1,024	1,909	2,034		
Public Information	564	717	757	735	1,281	1,492		
Policy Analysis Unit	146	474	467	472	620	939		
New York Liaison Office	306	285	308	312	591	620		
Field Office Administration	2,425	2,501	2,683	2,720	4,926	5,403		
Area Administration	1,401	1,584	1,710	1,655	2,985	3,365		
Camp Services Administration	705	734	750	757	1,439	1,507		
Protective Services	2,047	2,069	2,177	2,183	4,116	4,360		
Other	708	714	683	688	1,422	1,371		
Sub-Total	**12,390**	**13,439**	**13,994**	**14,007**	**25,829**	**28,001**	**4.1%**	**8.4%**
Administration								
Human Resources	2,508	2,466	2,859	2,873	4,974	5,732		
Administrative Services	4,085	4,010	3,926	3,946	8,095	7,872		
Financial Services	3,167	3,133	3,499	3,526	6,300	7,025		
Information Systems	1,983	2,115	3,213	2,464	4,098	5,677		
Sub-Total	**11,743**	**11,724**	**13,497**	**12,809**	**23,467**	**26,306**	**15.1%**	**12.1%**
Total Regular Budget (excl. Reserves)	**24,133**	**25,163**	**27,491**	**26,816**	**49,296**	**54,307**	**9.3%**	**10.2%**
General Reserves								
Working Capital Build-Up	0	0	7,000	7,000	0	14,000		
Contingency Reserve	0	0	5,000	9,000	0	14,000		
Sub-Total	**0**	**0**	**12,000**	**16,000**	**0**	**28,000**		
Total Regular Budget	**24,133**	**25,163**	**39,491**	**42,816**	**49,296**	**82,307**		
Total Project Budget			**653**	**150**		**803**		

TABLE 18. COMMON SERVICES EXPENDITURES BY CATEGORY

(Cash and In-Kind, in Thousands of United States Dollars)

		Actual 1998	Estimated 1999	Proposed 2000	Proposed 2001
Staff	International Staff	9,702	10,234	10,119	10,289
	Local Staff	9,934	9,342	10,764	10,951
	Sub-Total	**19,636**	**19,576**	**20,883**	**21,240**
Services	Travel	394	810	757	724
	Communication	849	1,195	798	797
	Transport Services	91	95	97	97
	Training	76	291	222	215
	Miscellaneous Services	1,107	1,141	1,480	1,325
	Consultancy Services	248	280	405	141
	Sub-Total	**2,765**	**3,812**	**3,759**	**3,299**
Supplies	Transportation Supplies	15	39	15	15
	Clothing Supplies	10	10	8	8
	Library Books	18	25	32	32
	Miscellaneous Supplies	502	510	588	591
	Supplies for PIO	10	10	12	12
	Sub-Total	**555**	**594**	**655**	**658**
Equipment & Construction	Computer Hard/Software	290	572	593	420
	Equipment & Furniture	193	326	509	116
	Construction	263	8	10	0
	Sub-Total	**746**	**906**	**1,112**	**536**
Premises	Rental of Premises	230	317	316	316
	Utilities	411	360	437	445
	Maintenance	0	0	579	575
	Sub-Total	**641**	**677**	**1,332**	**1,336**
Grants & Subsidies		**13**	**46**	**42**	**42**
Other	Reserves	2,100	3,383	12,000	16,000
	Income & Credits	-2,323	-3,831	-292	-295
	Sub-Total	**-223**	**-448**	**11,708**	**15,705**
Total Regular Budget		**24,133**	**25,163**	**39,491**	**42,816**
Total Project Budget				**653**	**150**

10. PROJECT BUDGET

251. Project funding has accounted for an increasingly large share of UNRWA income and expenditure in recent years. Over the period 1994-1998, project income represented 17.3 per cent of total Agency income, while project expenditure represented 19.3 per cent of total Agency expenditure. Projects are moreover an integral part of programme activities. They are the means by which UNRWA covers nearly all its capital costs (school construction, upgrading of health centres, etc.) as well as various key service-related non-recurrent costs (environmental health improvements, shelter rehabilitation, etc.). They also enable the Agency to supplement regular budget allocations in key areas (e.g. hospitalization).

252. In view of their financial and programmatic significance, UNRWA has incorporated its project funding needs into the 2000-2001 budget. The aim is to provide a more complete picture of financial requirements over the biennium and to directly link project-funded activities with those programme activities funded under the regular budget. Unless project funding needs are covered, the Agency will not be able to attain its goals and objectives for the biennium and the quality and level of its services will suffer.

253. The project budget amounts to $59.3 million for 2000 and $65.1 million for 2001. These amounts represent 16.9 per cent of total budget volume for the biennium. Tables 19-21 provide a breakdown of the project budget by programme, by Field, and by priority activity. With the exception of IGP recurrent costs which are considered a self-funded project, the project budget represents unfunded activities.

254. The project budget represents the Agency's best estimate at the time of budget preparation of its total project funding requirements for the 2000-2001 biennium. The Agency will present donors with project lists corresponding to the project budget, which will be updated over the course of the biennium. Owing to the particular nature of project-funded activities for UNRWA, several caveats are in order:

- Projects are generally transferable between one fiscal year and another. For example, if available project funding for 2000 exceeded the amount budgeted, project activities currently attributed to 2001 could be brought forward. By the same token, projects attributed to 2000 which were not funded in that year could be rolled over into the pool of projects to be funded in 2001.

- The project budget is based on preliminary cost estimates. Owing to variability in costs over time and to avoid wasting effort, the standard practice of the Agency is to prepare detailed cost estimates only upon expression of donor interest in a particular project. Consequently, actual project costs may differ from the amounts budgeted.

- The project budget is more indicative of funding requirements than of expenditure patterns. Depending on the timing of receipt of funding and the project's implementation period, expenditure on particular project-funded activities may extend beyond the fiscal year to which a project has been assigned in the budget. In addition, certain projects may not receive funding.

- The set of activities which constitutes the project budget may be altered in response to changing needs on the ground and other developments during the biennium.

255. The project budget has been prepared according to Agency-wide strategic priorities for project funding. The prioritization of the project budget aims to ensure that project funding is allocated where needed most, to make the process of allocating project funding more transparent and systematic, and to assist donors in providing tangible and meaningful support to UNRWA. The priorities are reflected in Table 21; additional information is contained in Annex B.

256. The project section of the budget represents an overall envelope of some $60 million in new project funding per year. This amount is on average what the Agency has already been receiving each year since 1993 under all project accounts combined (PIP, Lebanon Appeal, EGH, EPA, etc.). Total project income during 1994-1998 averaged $56.0 million per year, while total project expenditure over the same period averaged $62.8 million per year.

257. At the second Conference to Support Middle East Peace and Development, held at Washington on 30 November 1998, donors announced some $3 billion in pledges for the period 1999-2003 to support the new momentum in the peace process by delivering real results to ordinary people. Based on the experience of PIP, the Agency hopes that additional project funding will be forthcoming as a result of these commitments. The figure of $60 million per year represents 10 per cent of the announced pledges.

258. Nearly all of the project budget represents activities additional to those covered in the regular budget. In a few cases, essential activities of the type likely to receive project funding have been included in both the regular budget and the project budget; if project funding is made available, the cost will not be borne by the GF. These activities are:

- Purchase of additional textbooks in Lebanon which are required to adjust to curricular changes introduced by the host authority.

- Implementation of Y2K compliance for UNRWA, a project which has already been initiated with GF funds owing to the time frame involved.

259. While project funding remains essential for programme activities, full funding of the regular budget will continue to be UNRWA's top priority for the 2000-2001 biennium and beyond. Any redirection of contributions from the regular budget to projects will damage the Agency's already weak financial situation and undermine the goal of preserving the quality and level of services to Palestine refugees and UNRWA's role as an element of stability in the region.

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TABLE 19. PROJECT BUDGET BY PROGRAMME

(In Thousands of United States Dollars)

	2000	2001	Total 2000-2001
Education			
General Education	25,624	26,768	52,392
Vocational & Technical Education	4,800	4,138	8,938
Teacher Education	147	132	279
Programme Management	371	371	742
Sub-Total	**30,942**	**31,409**	**62,351**
Health			
Medical Care Services	6,678	5,454	12,132
Environmental Health	6,761	9,650	16,411
Nutrition & Supplementary Feeding	0	0	0
Programme Management	300	420	720
Sub-Total	**13,739**	**15,524**	**29,263**
Relief & Social Services			
Relief Services	10,144	13,812	23,956
Social Services	0	0	0
Programme Management	254	214	468
Sub-Total	**10,398**	**14,026**	**24,424**
Income-Generation	**3,548**	**3,985**	**7,533**
Operational Services	**0**	**0**	**0**
Common Services	**653**	**150**	**803**
Total Project Budget	**59,280**	**65,094**	**124,374**

TABLE 20. PROJECT BUDGET BY FIELD

(In Thousands of United States Dollars)

	2000	2001	Total 2000-2001
Jordan	8,634	8,335	16,969
Lebanon	9,886	8,896	18,782
Syrian Arab Republic	3,999	3,542	7,541
West Bank	13,265	13,921	27,186
Gaza Strip	16,643	20,750	37,393
Agency-Wide / Headquarters	6,853	9,650	16,503
Total Project Budget	**59,280**	**65,094**	**124,374**

TABLE 21. PROJECT BUDGET BY PRIORITY ACTIVITY

(In Thousands of United States Dollars)

	2000	2001	Total 2000-2001
Priority 1: Upgrading and Expanding Primary Education Infrastructure			
1A. Construction and Equipping of Additional Classrooms and School Buildings	2,718	3,288	6,006
1B. Replacement and Maintenance of Dilapidated School Buildings	10,575	14,525	25,100
1C. Replacement of Unsuitable Rented School Premises	4,142	2,596	6,738
Sub-Total	**17,435**	**20,409**	**37,844**
Priority 2: Improving Environmental Health Conditions in Refugee Camps			
2A. Construction of Sewerage and Drainage Networks	3,535	8,298	11,833
2B. Rehabilitation of Water Networks	32	72	104
2C. Mechanization of Refuse Collection and Disposal	2,869	955	3,824
2D. Paving of Pathways and Drains on Self-Help Basis	375	375	750
Sub-Total	**6,811**	**9,700**	**16,511**
Priority 3: Increasing Hospitalization Assistance	**4,550**	**4,550**	**9,100**
Priority 4: Upgrading Primary Health Care Infrastructure			
4A. Replacement and Maintenance of Dilapidated Health Centres	1,786	404	2,190
4B. Upgrading of Medical Equipment at Health Centres	500	500	1,000
Sub-Total	**2,286**	**904**	**3,190**
Priority 5: Shelter Rehabilitation for Special Hardship Cases	**8,297**	**8,665**	**16,962**
Priority 6: Increasing Employment Opportunities for Refugees			
6A. Upgrading and Expansion of Vocational Training Capacity	4,802	4,270	9,072
6B. Expansion of Income-Generation Activities in the West Bank and Gaza Strip	2,009	2,009	4,018
Sub-Total	**6,811**	**6,279**	**13,090**
Priority 7: Enhancing Integrated Educational Activities			
7A. Construction and Equipping of Specialized Rooms in Schools	6,796	4,915	11,711
7B. Curriculum Enrichment in Schools	428	428	856
7C. Targeted Health Education Activities	150	150	300
Sub-Total	**7,374**	**5,493**	**12,867**
Priority 8: Capacity-Building			
8A. Human Resource Development	912	874	1,786
8B. Upgrading of Computer Systems	2,314	5,000	7,314
Sub-Total	**3,226**	**5,874**	**9,100**
Other Unfunded Projects	**951**	**1,244**	**2,195**
IGP Recurrent Costs Covered from Credit Activities	**1,539**	**1,976**	**3,515**
Total Project Budget	**59,280**	**65,094**	**124,374**

ANNEX A. SUMMARY OF PROGRAMME GOALS/OBJECTIVES/TARGETS FOR THE 2000-2001 BIENNIUM

Sub-Programme	Purpose	Biennium Goals	Biennium Objectives/Targets
		EDUCATION PROGRAMME	
01. Elementary & Preparatory Education	*To provide high-quality schooling for Palestine refugee children in accordance with basic education requirements and curricular standards established by host authorities*	To ensure that all eligible Palestine refugee pupils are able to attend UNRWA schools despite enrolment growth	- To expand the capacity of UNRWA's education infrastructure by constructing and equipping 2 new school buildings and 63 classrooms with project funding - To hire additional staff needed to accommodate larger enrolments including 1,110 teachers, 70 assistant headteachers, 26 school supervisors, 2 headteachers and 2 school attendants - To hire new teachers on contract basis at rates comparable to host authority remuneration as a means to maximize use of available resources - To maintain double-shifting as the standard practice in UNRWA schools as a means to maximize use of available resources
		To maintain an environment conductive to learning in UNRWA schools	- To replace 6 unsatisfactory rented premises as a means to reduce overcrowding, improve educational facilities, and reduce running costs - To undertake comprehensive maintenance on 12 school buildings that require it as a means to prolong their life span and ensure a safe environment for pupils - To replace 24 dilapidated Agency-built schools beyond the point of economical repair as a means to improve the quality of education and the classroom occupancy rate
		To improve the quality of education offered in UNRWA schools	- To construct 84 specialized rooms in schools which lack them as a means to facilitate teaching of certain subjects and diversifying pupils' educational experience - To upgrade the skills and competencies of teaching staff through the Agency's regular in-service training programmes (Sub-Programme 05) - To develop 800 curriculum enrichment materials to strengthen teaching of core subjects and provide a more varied educational experience
		To adjust successfully to curricular changes introduced by host authorities	- To purchase necessary additional textbooks in the Lebanon, Syria, West Bank, and Gaza Fields, where new textbooks are being introduced - To hire 50 additional teachers in the Lebanon, West Bank and Gaza Fields, where new study plans involve an increase in the number of study periods per week - To provide in-service training to 305 teachers on new subjects being introduced in the Lebanese and Syrian curricula (Sub-Programme 05) - To analyze new curricula and textbooks in order to prepare curriculum enrichment materials and self-instructional worksheets for new subjects
		To reduce drop-out and repetition rates by 1-2 per cent	- To train 180 teachers in counseling through the Agency's regular in-service training programme, who will work individually with at-risk pupils and their families - To activate the role of the 600 school councils to work with parents and local communities to prevent children from dropping out of school
		To improve the academic performance of students	- To provide additional instruction to prepare pupils for national preparatory exams in Lebanon and Syria
02. Secondary Education (Lebanon)	*To offset partially Palestine refugees' lack of access to secondary education in Lebanon*	To bring all UNRWA secondary schools to full capacity	- To phase in the second and third secondary grades at the two newly established schools at Saida and Tyre - To hire 15 additional teachers at the two new schools to accommodate the new grades being phased in - To complete the process of construction and equipping premises for the two new schools and supplying them with the requisite textbooks, supplies, stationery, etc
		To improve the academic performance of students	- To provide additional instruction to prepare pupils for national secondary exams (5 per cent increase in exam scores by 2000/01 school year)
03. Vocational & Technical Education	*To enhance job opportunities for Palestine refugee youth by equipping them with employable skills relevant in Middle East labour markets*	To improve the market relevance of VTE training courses	- To introduce 14 new courses/class sections in high-demand subjects with project funding, thereby also increasing VTC capacity by 288 trainees (6 per cent) over 1998/99 - To upgrade 10 outdated VTC workshops as well as equipment to ensure that training methods remain consistent private sector methods as well as host authority curricular requirements - To enhance training on computer applications in relevant subjects (e.g. engineering, business) following on the recent Computer and Information Technology Initiative - To strengthen outreach and coordination with local enterprises by establishing a council for each VTC including representatives of the private sector and Agency staff - To update curricula and study plans and develop new training materials to meet technological changes in the private sector

Sub-Programme	Purpose	Biennium Goals	Biennium Objectives/Targets
		To enhance technical supervision of the programme	- To improve programme monitoring and evaluation by introducing unified examinations for all training courses, thereby enabling comparisons among Fields and VTCs. - To establish 2 VTE specialist posts for paramedical training and vocational courses targeted at women, which currently lack technical supervision. - To increase the number of guidance and supervision visits by VTE specialists to each Field to 2 per year.
		To enhance cost-effectiveness of the VTE programme	- To maximize use of training capacity by allowing courses to expand where possible and redeploying underutilized training places reserved for Gaza students at West Bank VTCs. - To ensure that training is not hampered by lack of supplies by increasing the consumable supplies allocation, previously reduced as an austerity measure, by 10 per cent per year.
04. Pre-Service Teacher Education	*To ensure that sufficient qualified teachers are available to staff UNRWA's school system in accordance with host authority requirements.*	To expand the pool of qualified teachers in Jordan, Lebanon and the West Bank.	- To maintain current capacity of 1,000 pre-service training places per year at the ESFs in Jordan and the West Bank and at STC in Lebanon.
		To maintain progress towards upgrading all underqualified UNRWA teachers in Jordan by 2003.	- To maintain current capacity of 630 in-service training places per year at the ESFs in Jordan.
		To improve the quality of teacher training and its relevance to market demands.	- To add a specialization in physical education at the pre-service ESF programme in the West Bank in response to market demand by redeploying resources. - To improve computer training for ESF trainees by establishing computer labs at the three ESF locations in Jordan and the West Bank, with project funding.
05. In-Service Teacher Education	*To maintain and improve the quality of education provided to Palestine refugees in UNRWA schools and training centres.*	To upgrade the skills and competencies of UNRWA teaching and training staff.	- To offer professional qualification courses to 400 serving teachers and VTC instructors to enhance their professional skills and competencies in accordance with Agency norms. - To train 205 headteachers, assistant headteachers and school supervisors on managerial and supervisory skills to further improve programme efficiency at the Field level. - To offering refresher courses to 340 teachers in specific school subjects which they are required to teach. - To train approximately 305 teachers in Lebanon and Syria on new subjects being introduced in the curricula by host authorities in those Fields. - To train 1,250 contract teachers in the Gaza Strip and the West Bank to raise their competencies to the required level.
		To strengthen development of cognitive skills among pupils in UNRWA schools.	- To provide training in Higher Order Thinking Skills (HOTS) to 250 teachers, headteachers and school supervisors, with project funding.
06. Placement & Career Guidance	*To enhance employment opportunities for Palestine refugee youth by providing outreach services and career guidance.*	To increase the number of VTC graduates employed one year after graduation by 10 per cent.	- To improve contact and communication with employers. - To develop a PCG module for the Education Management Information System as a means to improve placement activities and monitoring of employed VTE graduates.
		To improve the market relevance of VTE training courses.	- To conduct one market survey per Field per year to assess the continued relevance of existing VTE courses and identify needs for new ones.

HEALTH PROGRAMME

01. Laboratory Services	*To facilitate the diagnosis of diseases, monitor morbidity conditions, and support health services research.*	To improve the quality of laboratory services.	- To introduce low-cost automated equipment in clinical laboratories Agency-wide to offset recurrent costs while improving quality. - To introduce low-cost automated equipment such as haemoglobinometres for detection of anaemia in primary health care facilities that do not have laboratories. - To upgrade one clinical laboratory in each area to serve as a referral facility for performing bacteriological examinations.
02. Outpatient Services	*To reduce morbidity, mortality and disability from acute and chronic diseases and provide continuing care for special health problems and needs.*	To improve the quality of outpatient services.	- To reduce the average number of medical consultations per doctor per day by 10 per cent Agency-wide through qualitative improvements in the standards of care. - To ensure that all UNRWA medical officers are trained on rational prescribing of drugs and standard management protocols.

Sub-Programme	Purpose	Biennium Goals	Biennium Objectives/Targets
03. Maternal & Child Health	*To protect, preserve and promote the health status of infants, pre-school children and women throughout their reproductive live, and to address their basic health needs.*	To reduce infant and early child morbidity and mortality.	- To decrease the prevalence of anaemia among children age 0-3 by 20 per cent in the Gaza Strip and 10 per cent in other Fields. - To increase the coverage of infant health care from 75 to 80 per cent among refugees utilizing UNRWA services. - To decrease neonatal mortality by 10 per cent.
		To reduce pregnancy-related morbidity and maternal mortality from preventable causes.	- To research essential health status indicators such as the proportion of exclusive breast feeding up to four months and the proportion of pregnant women making four or more antenatal visits. - To maintain above 95 per cent tetanus immunization coverage of pregnant women. - To increase the coverage of ante-natal care from 70 to 75 per cent among refugees utilizing UNRWA services. - To increase the percentage of women visiting antenatal clinics four or more times by 10 per cent. - To decrease the prevalence of anaemia among pregnant women by 10 per cent. - To encourage all high-risk pregnant women to deliver at hospitals. - To increase the case-detection rate of gestational diabetes and toxaemia of pregnancy by 30 per cent. - To decrease maternal mortality owing to toxaemia of pregnancy by 25 per cent. - To attain 95 per cent coverage of postnatal care among women registered for antenatal care.
		To reduce maternal, peri-natal and infant morbidity and mortality.	- To increase the total number of family planning acceptors from 63,110 in 1998 to 75,000 by 2001. - To increase the prevalence of modern contraceptives among mothers of children age 0-3 age by 5 per cent. - To increase the number of health centres providing IUD services from 77 in 1998 to 82 in 2001. - To decrease the discontinuation rate of pills among family planning users by 5 per cent.
04. Disease Prevention & Control	*To reduce morbidity, disability and mortality from communicable and non-communicable diseases.*		- To sustain above 95 per cent coverage of all vaccines of the Expanded Programme on Immunization for pre-school and school-age children and pregnant women. - To interrupt transmission of wild polio virus by maintaining zero incidence of paralytic polio cases and less than 1/100,000 cases of non-polio acute flaccid paralysis among children below 15 years of age by the year 2000. - To maintain zero incidence of neo-natal tetanus among new births by maintaining optimal immunization coverage of women of reproductive age. - To attain 70 per cent case detection and 85 per cent cure rate of smear positive pulmonary tuberculosis by the year 2000. - To reduce infant mortality from acute respiratory infections (ARI) by 25 per cent and under 5 child mortality by 15 per cent by the end of the biennium.
			- To attain a 20 per cent increase in the case-detection rate of non-communicable diseases by the end of the biennium by active screening of at risk groups. - To improve the quality of non-communicable disease care by increasing the rate of diabetic and hypertension patients with acceptable glycemia and hypertension control by 20 per cent, and reducing the percentage of patients with profound complications.
05. Physical Rehabilitation	*To reduce the incidence of disability from injuries or other medical conditions and maintain the well-being and productivity of disabled refugees.*		(Depends on progress achieved in integrating programme activities in the West Bank and Gaza Strip within the PA's national rehabilitation programme.)
06. Oral Health	*To prevent dental and periodontal diseases and reduce their prevalence, with special emphasis on population groups at risk including school children and pregnant women.*		- To reduce the prevalence of dental caries among 12- and 15-year old school children from the current level of 2.5 to 2 DMF teeth index (Decayed, Missing and Filled) respectively. - To increase the Filled (F) component of the DMF teeth index among 12 and 15-year old school children by 25 per cent in each Field. - To ensure that there is no more than one affected sextant per 12 or 15-year old school child. - To increase the rate of each of caries-free and calculus-free children aged 12 and 15 years by 10 per cent.

Sub-Programme	Purpose	Biennium Goals	Biennium Objectives/Targets
07. School Health	*To protect, preserve and promote the health status of school children, to maintain a health environment in UNRWA schools, and to promote healthy behaviour among refugee children*		- To ensure that every newly enrolled child in UNRWA schools receives thorough medical examination and attention, as and when required - To implement and sustain a programme of de-worming in all Fields utilizing the WHO-recommended single-dose treatment strategy - To ensure that not less than 70 per cent of children detected with profound vision or hearing defects receive assistance towards the cost of prosthesis
08. Hospital Services	*To prevent disability and/or premature death as a result of life-threatening conditions requiring surgical intervention or special medical care not readily available at the primary level*		- To rectify inequalities in service provision among Fields by rationalizing expenditure on hospital services in Lebanon and the West Bank, thereby reducing Field expenditure by 50 and 25 per cent, respectively - To ensure that assistance can be provided to refugees in Jordan for emergency life-saving treatment and for hospital delivery for women in the high-risk category (approx. 1,000 per year)
09. Sewerage & Drainage	*To minimize health risks among the refugee camp population and prevent pollution of the surrounding environment through safe disposal of sewage and management of storm-water runoff*		- To increase the number of refugee camps served by proper underground sewerage systems from 36 to 46 through implementation of already-funded and unfunded projects - To increase the number of refugee shelters connected to sewerage networks from 66 per cent to at least 75 per cent through self-help camp improvement projects
10. Solid Waste Management	*To minimize the risk of disease transmission and ensure optimal cleanliness in refugee camps through appropriate systems for collection and disposal of refuse and control of insects and rodents*	To complete the process of mechanization of collection and disposal methods	- To increase the number of refugee camps serviced by UNRWA mechanized equipment from 36 to 44 with project funding
11. Water Supply	*To ensure that all Palestine refugees living in refugee camps have access to safe drinking water*		- To ensure that all shelters in refugee camps Agency-wide have access to safe drinking water through indoor connections to communal water systems
12. Special Environmental Health Programme (Gaza)	*To maintain environmental health conditions in refugee camps in the Gaza Strip compatible with the levels provided by local municipalities and with acceptable international standards set by WHO*		- To replace 15 per cent of corroded water pipes, with project funding - To proceeding with implementation of the planned and funded Beach Camp Shore Protection project - To serve the full area of Beach, Bureij, Nuseirat and Maghazi camps with UNRWA's solid waste management system - To rebuild the Jabalia and Beach sanitation offices - To implement the top priority items of the sewerage and drainage project in the Middle Camps area, with project funding
13. Supplementary Feeding	*To reduce the burden of diseases associated with deficiencies among vulnerable groups such as pregnant women and nursing mothers*		- To continue providing supplementary feeding rations to target groups, with the number of beneficiaries expected to decline to 95,000 in 2001 - To take steps to fortify the flour component of the ration with iron and folate as and when similar measures are taken by host authorities, consistent with WHO strategy

RELIEF AND SOCIAL SERVICES PROGRAMME

01-A. Food Support for SHCs	*To ensure minimum standards of nutrition to SHCs for daily intake of 1,800 calories per person*	To maintain the quality and level of food support provided to eligible SHCs	- To increase the number of ration recipients by 3.5 per cent per year to compensate for estimated population growth and deterioration in socio-economic conditions - To hire an additional 13 social workers during the biennium to accommodate the projected increase in the number of SHCs and the planned increase in food support recipients - To reduce the risk of disruptions and delays to in-kind and cash assistance by maintaining strong coordination with food aid donors and internally

Sub-Programme	Purpose	Biennium Goals	Biennium Objectives/Targets
		To ensure that food support and other SHC assistance reaches the most impoverished segment of the Palestine refugee population in a cost-effective manner	- To engage a consultant with project funding to review SHC eligibility criteria with a view to more effectively targeting those in greatest socio-economic need - To conduct thorough in-service training for 353 social workers and other Field staff. Most training will be conducted in-house but project funds are being sought to enhance training - To increase participation of SHCs in the Poverty Alleviation Programme with a view to decreasing reliance on UNRWA support - To maintain strict application of SHC eligibility criteria to families already enrolled in the programme to ensure effective use of resources. A total of 4,458 SHC family files were closed in 1998 on the grounds that they no longer met eligibility criteria - To increase use of the Z category of SHCs to accommodate refugees who do not meet other formal criteria for SHC assistance but are nevertheless facing dire socio-economic need
01-B. Shelter Rehabilitation	*To alleviate dire housing needs among SHCs living in refugee camps.*		- To rehabilitate 2.5 per cent of SHC shelters in each Field per year, with project funding - To increase the proportion of shelters rehabilitated on self-help basis as a means to enhance cost-effectiveness and community participation
01-C. Cash Assistance for Distressed Families	*To provide ad hoc assistance to SHC families facing a crisis or lacking basic necessities.*		- To provide selective cash assistance averaging $200 to 2,500 distressed SHC families per year, in response to identified needs
02. Eligibility & Registration	*To maintain records on the Palestine refugee population for the purpose of determining eligibility for UNRWA services.*	To maintain up-to-date and accurate records on registered Palestine refugees based on information voluntarily supplied by them	- To reduce the number of extended family units (currently 2,369 families) by encouraging families to register married children as separate nuclear families - To update the records of registered refugees employed as UNRWA staff (currently 11,516 persons) and refugee wives registered to non-refugee husbands
		To ensure the smooth and efficient functioning of Eligibility and Registration activities	- To implement a re-design of the Field Registration System, with project funding, to enhance performance and reduce the risk of system failure - To provide in-service training to 108 Eligibility and Registration staff to ensure full adherence to technical instructions and proper data entry - To preserve and improve access to data on registered Palestine refugees by scanning and storing refugee family files on electronic media, with project funding
03. Organizational Development of CBOs	*To achieve the financial and managerial sustainability of all UNRWA-sponsored community based organizations (CBOs).*	To increase the number of centres which have achieved financial and managerial self-sustainability	- To continue to provide skills training and institution-building support to CBO managing committees - To reducing the number of CBOs receiving subsidies by further promoting the establishment of income-generating activities and assisting in fundraising efforts from third-party sources - To revise methods to strengthen CBO capacity-building and developing a systematic planning and assessment mechanism to monitor progress towards self-sustainability
		To further emphasize a developmental approach within the Social Services Programme	- To train Field staff in institution-building, community development and programme management. Most training will be conducted in-house but project funds are being sought to enhance training - To continue the conversion by attrition of the 22 Women's Activities Supervisor (WAS) posts and 31 Sewing Instructress posts at individual WPCs to posts of Community Development Social Worker (CDSW)
04. Women-in-Development	*To enhance the economic status and social development of disadvantaged refugee women, to promote their role in the family and in the community, and to strengthen their self-confidence and self-reliance.*		(As programme activities are determined at the community level, centralized goals and objectives cannot be formulated. Goals and objectives relating to UNRWA's efforts to improve the financial and managerial self-sustainability of WPCs are covered above.)
05. Disability Programme	*To enhance the well-being of refugees with disabilities by developing in-camp community-based rehabilitation services, fostering equalization of opportunities, and encouraging prevention through public awareness activities.*		(As programme activities are determined at the community level, centralized goals and objectives cannot be formulated. Goals and objectives relating to UNRWA's efforts to improve the financial and managerial self-sustainability of CRCs and RCVI are covered above.)

Sub-Programme	Purpose	Biennium Goals	Biennium Objectives/Targets
06. Youth Activities	*To enhance the social development of young refugees and help them to acquire leadership skills and play a greater role in the development of their communities.*		(As programme activities are determined at the community level, centralized goals and objectives cannot be formulated. Goals and objectives relating to UNRWA's efforts to improve the financial and managerial self-sustainability of YACs are covered above.)
07. Poverty Alleviation	*To enhance employment opportunities for Palestine refugee youth by providing outreach services and career guidance.*		- To develop a clear policy and guidelines on Poverty Alleviation programme and its different components, and strengthen programme planning, monitoring and evaluation tools. - To enable the largest number of refugees bordering the poverty line to start or expand their own businesses, to improve their living conditions and become self-reliant. - To create job opportunities within the Palestinian community and to encourage community participation in programme implementation.
		INCOME-GENERATION PROGRAMME	
01. Small-Scale Enterprise Programme	*To create employment and economic opportunities for Palestine refugees by promoting the development of small-scale enterprises through the provision of loans for working capital and investment funds to small manufacturing and service firms.*	To disburse 200 new loans valued at $2 million each year in the Gaza Strip, and 100 new loans valued at $1 million each year in the West Bank.	- To expand the capital base of the West Bank programme from $1.72 million to $3.06 million. This will require an additional $1.5 million in project contributions. - To maintain an outstanding portfolio of $4 million (400 loans) in the Gaza Strip and $2.5 million (250 loans) in the West Bank.
02. Small and Micro-Enterprise Training Programme	*To contribute to employment-generation and the economic development of the Gaza Strip, by supporting small businesses and encouraging entrepreneurship through business training.*	To provide business training to approximately 1,950 participants in 2000 and 2,700 in 2001 through gradual expansion of all three training outputs with project funding.	- To further develop business training resources by expanding the roster of potential trainers, improving the resource centre, and continually updating and improving course curricula.
03. Micro-Enterprise Credit	*To create employment and income generating opportunities for Palestine refugees working in micro-enterprise by providing working capital loans to the smallest businesses.*	To disburse 8,000 loans each year in the Gaza Strip and 12,000 in the West Bank, with a combined value of $25 million per year.	- To expand the capital base of the West Bank programme from $500,000 to $1.84 million. This will require an additional $1.5 million in project contributions. - To increase the number of branch offices in the West Bank from one to three and opening two field units (cashier and outreach office) in the northern West Bank, so as to increase the outreach of the programme to all regions of the West Bank. - To maintain an annual repayment rate of not less than 95 percent per annum to ensure that the programme suffers few losses and manages to be self-sustaining.
04. Solidarity-Group Lending Programme	*To create employment and income- generating opportunities to women by providing working capital loans to women micro-enterprise owners.*	To disburse 3,600 loans valued at $3.5 million in the Gaza Strip in each year of the 2000-2001 biennium.	- To introduce an incentive-based payment system to reward staff performance for credit extension workers and their supervisors, as a means to maintain a high level of staff commitment and programme sustainability. - To introduce an in-house system of formal training courses that will be run by supervisors, managers and administrative staff, as a means to assist credit extension staff in their work.

ANNEX B. UNRWA PRIORITIES FOR PROJECT FUNDING FOR THE 2000-2001 BIENNIUM

PRIORITY 1: UPGRADING AND EXPANDING PRIMARY EDUCATION INFRASTRUCTURE

A. CONSTRUCTION AND EQUIPPING OF ADDITIONAL CLASSROOMS AND SCHOOL BUILDINGS

- Ensures that all refugee children have access to UNRWA schools despite enrolment growth.
- Avoids triple shifting of UNRWA schools which would severely damage education quality.

B. REPLACEMENT AND MAINTENANCE OF DILAPIDATED SCHOOL BUILDINGS

- Ensures that all pupils enjoy a safe and healthy learning environment.
- Prevents school buildings from deteriorating beyond the point of economical repair.

C. REPLACEMENT OF UNSUITABLE RENTED SCHOOL PREMISES

- Improves the learning environment by providing better and more spacious facilities.
- Reduces recurrent costs by enabling more pupils to be accommodated in each classroom.

PRIORITY 2: IMPROVING ENVIRONMENTAL HEALTH CONDITIONS IN REFUGEE CAMPS

A. CONSTRUCTION OF SEWERAGE AND DRAINAGE NETWORKS

- Ensures safe and sanitary disposal of liquid waste.
- Reduces environmental pollution and the risk of disease transmission.

B. REHABILITATION OF WATER NETWORKS

- Ensures access to safe and uncontaminated drinking water.
- Reduces waste of scarce water resources and the risk of disease transmission.

C. MECHANIZATION OF REFUSE COLLECTION AND DISPOSAL

- Improves standards of cleanliness in camps and reduces the risk of disease transmission.
- Reduces recurrent costs by replacing labour-intensive methods and expensive contractors.

D. PAVING OF PATHWAYS AND DRAINS ON SELF-HELP BASIS

- Improves disposal of liquid waste and waste water in refugee camps.
- Promotes community participation in improving camp conditions.

PRIORITY 3: INCREASING HOSPITALIZATION ASSISTANCE

- Ensures that essential life-saving treatment is available to refugee patients who need it.
- Prevents death and disability among patients with conditions amenable to surgical treatment.

PRIORITY 4: UPGRADING PRIMARY HEALTH CARE INFRASTRUCTURE

A. REPLACEMENT AND MAINTENANCE OF DILAPIDATED HEALTH CENTRES

- Ensures that health centres remain safe and sanitary.
- Maximizes efficiency by improving patient flow.

B. UPGRADING OF MEDICAL EQUIPMENT AT HEALTH CENTRES

- Improves quality of care and avoids health hazards arising from outdated equipment.
- Reduces recurrent costs by increasing productivity.

PRIORITY 5: SHELTER REHABILITATION FOR SPECIAL HARDSHIP CASES

- Alleviates the dire housing needs of poorer families in refugee camps.
- Promotes community participation in improving families' quality of life.

PRIORITY 6: INCREASING EMPLOYMENT OPPORTUNITIES FOR REFUGEES

A. UPGRADING AND EXPANSION OF VOCATIONAL TRAINING CAPACITY

- Ensures that training reflects latest methods used in the private sector.
- Broadens the range of subjects taught to better meet changing labour market needs.

B. EXPANSION OF INCOME-GENERATION ACTIVITIES IN THE WEST BANK AND GAZA STRIP

- Creates sustainable job opportunities by providing loans to small and micro-enterprises.
- Enhances entrepreneurial development by providing training to business owners.

PRIORITY 7: ENHANCING INTEGRATED EDUCATIONAL ACTIVITIES

A. CONSTRUCTION AND EQUIPPING OF SPECIALIZED ROOMS IN SCHOOLS

- Improves the teaching of subjects which require facilities such as labs, computers, etc.
- Diversifies pupils' educational experience by providing libraries, multi-purpose rooms, etc.

B. CURRICULUM ENRICHMENT IN SCHOOLS

- Strengthens teaching of core subjects by supplementing standard curricula.
- Broadens pupils' perspectives by enhancing teaching of non-traditional subjects.

C. TARGETED HEALTH EDUCATION ACTIVITIES

- Improves refugee health status by raising awareness of health-related issues.
- Promotes healthy lifestyles and discourages unhealthy behaviour.

PRIORITY 8: CAPACITY-BUILDING

A. HUMAN RESOURCE DEVELOPMENT

- Improves service quality and programme management through staff training.
- Strengthens in-house capabilities by expanding the range of expertise available.

B. UPGRADING OF COMPUTER SYSTEMS

- Improves programme management and cost-efficiency.
- Prevents operational disruptions that could result from system breakdowns.

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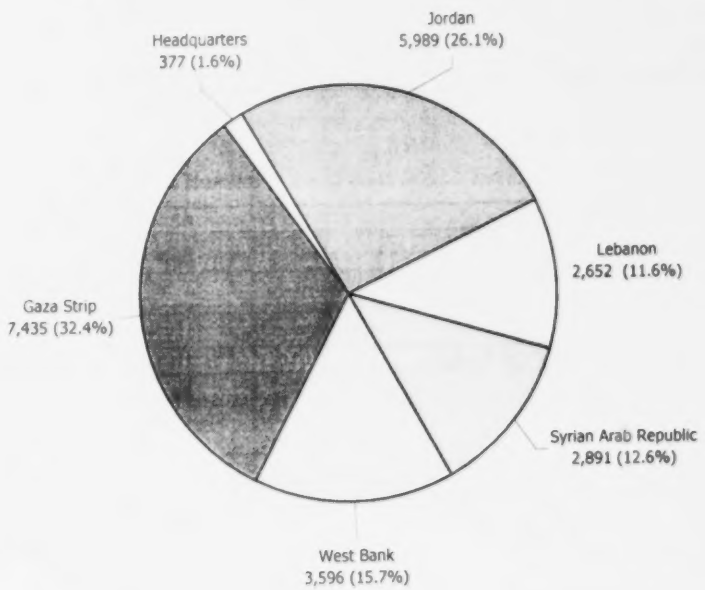
ANNEX C. ESTIMATED NUMBER OF LOCAL STAFF AT END 2001, BY PROGRAMME AND FIELD

	Jordan	Lebanon	Syrian Arab Republic	West Bank	Gaza Strip	Head-quarters	Total
Education	4,776	1,699	2,130	2,376	5,504	70	16,555
Health	831	520	435	667	1,086	16	3,555
Relief & Social Services	115	94	76	121	208	14	628
Income-Generation	4	0	0	22	87	0	113
Operational Services	129	173	139	192	326	62	1,021
Common Services	134	166	111	218	224	215	1,068
Total	**5,989**	**2,652**	**2,891**	**3,596**	**7,435**	**377**	**22,940**

Estimated Number of Local Staff at End 2001, by Field



ANNEX D. INTERNATIONAL STAFFING TABLE AT JULY 1999

Post Grade	Posts Funded out of United Nations Regular Budget	Other Posts Included in UNRWA's Budget
A) Professional & Above		
USG	1	0
ASG	1	0
D2	1	3
D1	10	1
P5	16	5
P4	36	1
P3	15	2
P2/P1	2	2
Sub-Total (A)	**82**	**14**
B) General Service & Others		
Principal Level	0	0
Other Level	10	2
Sub-Total (B)	**10**	**2**
Total (A+B)	**92**	**16** [1]

[1] Includes 6 posts chargeable to UNRWA's Regular Budget, 4 JPOs funded by the respective governments, 3 posts funded by UNESCO, 1 post funded by WHO, 1 post funded by the IGP, and 1 post funded by the Provident Fund.

ANNEX E. ATTRIBUTION OF OPERATIONAL AND COMMON COSTS TO PROGRAMMES IN THE REGULAR BUDGET

(In Thousands of United States Dollars)

	2000	2001
Education	**161,721**	**166,650**
Share of Supply & Transport Services [1]	5,120	5,086
Share of Technical Services [2]	2,573	2,526
Share of Common Services [3]	19,518	19,040
Adjusted Education Budget	**188,932**	**193,302**
Health	**53,347**	**54,356**
Share of Supply & Transport Services [1]	3,919	3,929
Share of Technical Services [2]	269	264
Share of Common Services [3]	5,774	5,631
Adjusted Health Budget	**63,309**	**64,180**
Relief & Social Services	**31,077**	**31,365**
Share of Supply & Transport Services [1]	3,224	3,253
Share of Technical Services [2]	150	147
Share of Common Services [3]	2,199	2,145
Adjusted Relief & Social Services Budget	**36,650**	**36,910**
Operational Services	**15,255**	**15,205**
Attributed to Education	(7,693)	(7,612)
Attributed to Health	(4,188)	(4,193)
Attributed to Relief & Social Services	(3,374)	(3,400)
Adjusted Operational Services Budget	**0**	**0**
Common Services	**27,491**	**26,816**
Attributed to Education	(19,518)	(19,040)
Attributed to Health	(5,774)	(5,631)
Attributed to Relief & Social Services	(2,199)	(2,145)
Adjusted Common Services Budget	**0**	**0**

[1] Share of Supply and Transport Services based on supply procurement budget in 2000-2001 and mileage in 1998.

[2] Share of Technical Services based on maintenance budget in 2000-2001.

[3] Share of Common Services based on overall programme weight in 2000-2001 budget.